



Daily Report

East Asia

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Japan

High-Level Aviation Talks With U.S. Resume

OW2007234795 Tokyo KYODO in English
2323 GMT 20 Jul 95

[FBIS Transcribed Text] Los Angeles, July 20 KYODO — Top aviation officials from Japan and the United States resumed negotiations Thursday aimed at reconciling each other's demands for new cargo flight routes.

Japanese Transport Minister Shizuka Kamei and U.S. Transportation Secretary Federico Pena last met in May, but the two failed to bridge the wide gap between them.

The dispute revolves around a plea from U.S. cargo flight operator Federal Express Corp. to fly via Tokyo to seven Asian destinations under the "beyond rights" provision in the 1952 bilateral aviation pact.

Washington has urged Tokyo to live up to the commitments under the 1952 pact, while Tokyo says the very contents of the pact are biased in favor of Washington.

The row was later aggravated, with Tokyo demanding that Washington grant requests from Japanese cargo carriers to fly to some fresh U.S. destinations as a prerequisite for granting some of the U.S. requests.

The bitter exchanges have drawn threats of sanctions and counter sanctions from both sides.

Washington threatened to bar Japan Airlines and Nippon Cargo Airlines from carrying cargoes to the U.S. from Hong Kong, Taiwan, Indonesia, Singapore and Thailand via Japan.

Tokyo responded by saying it will prohibit all U.S. cargo flights to other Asian countries via Narita airport, east of Tokyo, if the U.S. presses ahead with the proposed sanctions.

U.S. cargo planes bound for seven Asian destinations, including Seoul, Taipei and Hong Kong via Narita, would be subject to the Japanese retaliatory action, informed sources have said.

'Major Stride' Toward Settlement

OW2107042095 Tokyo KYODO in English
0402 GMT 21 Jul 95

[FBIS Transcribed Text] Los Angeles, July 20 (KYODO) — The Japan-U.S. aviation dispute made a major stride toward settlement Thursday, with both sides trying to find common ground in revising the controversial 1952 bilateral pact.

Japanese Transport Minister Shizuka Kamei, emerging from the first session of his talks with U.S. Transportation Secretary Federico Pena, said, "We have made a

progress toward simultaneous settlements of aviation demands made by Japan and the United States."

The development will likely pave the way for Tokyo and Washington to withdraw threats of sanctions intended to limit the other country's cargo services

Kamei told reporters the U.S. did not reject Tokyo's proposed procedure of negotiations for revising the 1952 aviation pact.

The Japanese minister also said he offered a conditional willingness to authorize Federal Express corp. to fly via Tokyo to seven new Asian destinations.

At the center of the wrangling is Federal Express' request to fly via Tokyo to seven Asian destinations under the "beyond rights" provision in the 1952 bilateral aviation pact.

The U.S. has urged Tokyo to honor the commitments under the accord while Japan says the content of the pact, formed during the occupation period after the end of World War II, unfairly favors U.S. airliners.

During the first session of Thursday's ministerial talks, Japan proposed talks for the pact's revision on cargo services be launched in September and six month later on passenger services.

Before the ministerial meeting started, Kamei said that if the U.S. accepts Japan's demand on new cargo flight routes to U.S. destinations, Tokyo is willing to grant the Federal Express request.

"Although we are ready to grant Federal's request for the seven new routes, we want the U.S. side to authorize all of the Japanese cargo carriers' requests to fly to new U.S. destinations," Kamei said.

"If the U.S. rejects this stance, it is pointless to hold talks with them for some more days," he added.

Washington had been adamant in rejecting Japanese conditions placed on the Federal Express request, saying "beyond rights" are commitments Japan gave to U.S. airliners in the 1952 pact.

Kamei and Pena last met in May, but the meeting failed to produce any accords.

The bitter exchanges over the past few months in the aviation dispute have drawn threats of sanctions from both sides.

Washington has threatened to bar Japan Airlines and Nippon Cargo Airlines from carrying cargo to the U.S. from Hong Kong, Taiwan, Indonesia, Singapore and Thailand via Japan.

Tokyo has responded by saying it will prohibit all U.S. cargo flights to other Asian countries via Narita airport, east of Tokyo, if the U.S. proceeds with the proposed sanctions.

U.S. cargo planes bound via Narita for seven Asian destinations, including Seoul, Taipei and Hong Kong, would be subject to the Japanese retaliatory action, informed sources have said.

Kamei told Japanese reporters before his new talks with Pena, "I really want to reach an agreement with the U.S. to replace the current aviation treaty with a new treaty."

Kamei Says Agreement Made

*OW2107052995 Tokyo KYODO in English
0502 GMT 21 Jul 95*

[FBIS Transcribed Text] Los Angeles, July 20 (KYODO) — Japan and the United States struck a deal Thursday on how to revise the 1952 bilateral Aviation Pact, putting an end to a three-month dispute which had threatened to lead to exchanges of sanctions.

After meeting U.S. Transportation Secretary Federico Pena, Japanese Transport Minister Shizuka Kamei told reporters Thursday, "We have reached an agreement."

Kamei said Tokyo proposed a set of negotiation procedures for revising the 1952 Aviation accord.

The Japanese minister also said he offered a conditional willingness to authorize flights requested by U.S. cargo carrier Federal Express corp. via Tokyo to seven new Asian destinations. Pena accepted both proposals, according to sources at the talks.

At the center of the wrangling is Federal Express' request to fly via Tokyo to seven Asian destinations under the "beyond rights" provision in the 1952 bilateral Aviation pact.

The U.S. has urged Tokyo to honor its commitments under the accord, while Japan says the content of the pact, formed during the occupation period after the end of World War II, unfairly favors U.S. airlines.

During Thursday's ministerial talks, Washington accepted a Japanese proposal to start discussions in September on revising the pact's provisions for cargo services, conference sources said.

Both parties also agreed the talks are to be completed in six months and discussion will then shift to ways to correct the pact's clause on passenger services, the sources said.

Japan, for its part, approved a demand by Federal Express to fly via Tokyo to the seven new Asian destinations, effective Friday, the sources said.

Japan was granted a new cargo route to Chicago via Kansai International airport near Osaka, the sources said.

The mutual agreement on cargo services is in line with a conditional willingness shown earlier by Kamei regarding the request by Federal Express.

Before the ministerial meeting started, Kamei said that if the U.S. accepted Japan's demand on new cargo flight routes to U.S. destinations, Tokyo would be willing to accept the Federal Express request.

Washington had been adamant about rejecting Japanese conditions placed on the Federal Express request, saying "beyond rights" were commitments Japan gave to U.S. airlines in the 1952 pact.

Kamei and Pena last met in May, but the meeting failed to produce any accords. The bitter exchanges over the past few months in the aviation dispute have drawn threats of sanctions from both sides.

Washington threatened to bar Japan Airlines and Nippon Cargo Airlines from carrying cargo to the U.S. from Hong Kong, Taiwan, Indonesia, Singapore and Thailand via Japan.

Tokyo responded by saying it will prohibit all U.S. cargo flights to other Asian countries via Narita airport, east of Tokyo, if the U.S. proceeds with the proposed sanctions.

U.S. cargo planes bound for seven Asian destinations, including Seoul, Taipei and Hong Kong via Narita, would be subject to the Japanese retaliatory action, informed sources said.

Settlement Averts Sanctions

*OW2107083595 Tokyo KYODO in English
0733 GMT 21 Jul 95*

[FBIS Transcribed Text] Los Angeles, July 20 KYODO — Japan and the United States settled their aviation dispute Thursday [20 July], averting sanctions by each other with an agreement to boost a U.S. cargo carrier's routes and review a treaty Japan finds unfair.

Three weeks after the two nations avoided a trade war over automobiles with a last-minute accord, Japan's Transport Minister Shizuka Kamei and U.S. Transportation Secretary Federico Pena settled the escalating civil aviation row through mutual compromise.

They agreed that Federal Express Corp. will add seven routes through Japan to other Asian destinations unconditionally from Friday, Japanese cargo carriers will be

approved for Chicago-bound flights from the new Kansai International Airport in Osaka Bay, and both governments will begin negotiating in September to review the 1952 bilateral aviation treaty.

The accord allows both sides to drop threatened sanctions, reminiscent of the June 28 auto trade agreement reached in Geneva just hours before President Bill Clinton was to launch billions of dollars worth of sanctions on Japanese luxury cars.

"We have reached agreement," Kamei said, emerging from the cabinet-level talks in Los Angeles that ran for three hours before a break and a brief evening wrapup session.

Pena praised the accord as helping bilateral relations but said the two sides have not agreed on reviewing passenger service under the 1952 treaty, which Japan wants done after the two sides renegotiate the cargo portion under a six-month deadline.

Kamei and Pena are to meet again Friday on the cargo service issue.

"I am pleased to announce that the Government of Japan has said it will recognize our rights under our bilateral aviation agreement," Pena said.

With Japan's approval of the Federal Express routes, "It is an appropriate time to continue to advance our aviation cargo relationship," he said. "I am confident such discussions will continue to improve not only our aviation relationship but also the overall relationship between our two countries."

But Pena and a U.S. statement made no mention of the passenger aviation talks that Japan wants to follow the cargo negotiations.

The cargo talks will aim "at removing restrictions so as to achieve equality of opportunity between Japanese carriers and U.S. carriers, and at achieving a more liberal framework in the field of all cargo services," the U.S. said in a separate statement.

With the aviation accord, Kamei and Pena broke a three-month stalemate that had seen four unsuccessful vice ministerial meetings, including one last weekend in Tokyo.

Both sides, however, had shown flexibility before the ministers met on middle ground in California — Washington indicating a willingness to renegotiate the treaty if Tokyo immediately accepted the Federal Express route requests, and Japan saying it could stomach the extra routes if the U.S. would review the treaty.

Before the meeting, Kamei said that if the U.S. accepted Japan's demand on new cargo flight routes to U.S. des-

tinations, Tokyo would be willing to accept the Federal Express requests, which center on flights through Japan to its new Asian hub of Subic Bay in the Philippines.

The U.S. said Japan agreed to approve "without encumbrance" the seven routes — via Narita airport, east of Tokyo, to Subic and Kuala Lumpur and via Kansai Airport to Subic, Kuala Lumpur and Penang in Malaysia, Singapore, and Taiwan's Kaohsiung.

Memphis-based Federal Express and two other U.S. carriers are granted "beyond rights" through Japan under the bilateral treaty that Washington maintains allows the airlines to add routes by simply notifying Tokyo authorities without needing permission.

But Japan had balked at giving the new routes, saying it need not automatically agree to further tilt the lucrative Asian aviation business in America's favor and saying the occupation-era bilateral treaty has locked in an overwhelming U.S. dominance.

Washington countered that it was willing to discuss expanding opportunities for both sides under an "open skies" policy but would not negotiate to win back already-guaranteed rights.

U.S. officials said Japan, rather than seeking to increase Japanese air routes, was trying to block foreign competition to protect inefficient domestic carriers.

Both sides had threatened sanctions over the dispute.

Washington said it would bar Japan Airlines and Nippon Cargo Airlines from carrying cargo via Japan to the U.S. from Hong Kong, Taiwan, Indonesia, Singapore and Thailand.

Tokyo had vowed to strike back by blocking all U.S. cargo via Narita bound for seven Asian destinations, including Seoul, Taipei and Hong Kong, informed sources said.

Tokyo Welcomes Settlement

*OW2107085195 Tokyo KYODO in English
0759 GMT 21 Jul 95*

[FBIS Transcribed Text] Tokyo, July 21 KYODO — Japan sees the just-concluded agreement with the United States on air cargo routes as a favorable development which will enhance cooperative bilateral relations, a top government spokesman said Friday [21 July].

"We heartily welcome the accord between Japan and the United States," Chief Cabinet Secretary Kozo Igarashi said at a press conference.

"We hope the agreement will contribute to furthering Japan-U.S. ties in the aviation field," Igarashi said.

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Touching on the resolution last month of the dispute over bilateral auto and auto parts trade, he also noted that the aviation accord will help promote bilateral relations.

The agreement "is desirable in terms of further cementing Japan-U.S. cooperative relations," Igarashi said.

Kamei: Passenger Talks Planned

OW2107100995 Tokyo KYODO in English
0932 GMT 21 Jul 95

[FBIS Transcribed Text] Los Angeles, July 20 KYODO — Japan and the United States agreed to discuss passenger airline service in addition to the air cargo agreement they sealed Thursday [20 July], Japanese Transport Minister Shizuka Kamei said.

"It isn't written in the documents, but if there is an agreement on the cargo sector next March, we will proceed with the passenger sector," Kamei told a news conference.

He appeared to contradict U.S. Transportation Secretary Federico Pena, who said he and Kamei did not agree to launch passenger talks in the accord they reached just hours earlier, which averted threatened trade sanctions.

The follow-up talks will review a 1952 bilateral civil aviation treaty that Japan says locks in America's occupation-era dominance of the skies. Tokyo agreed to grant Federal Express Corp. seven new Asia-bound flights through Japan in return for the promise to review the treaty.

A Japanese source traveling with Kamei said the U.S. promised to hold the passenger talks after concluding the cargo talks, set to begin in September with a six-month deadline, but that Washington did not want that part in writing because of "the U.S. Government's domestic policy problems."

The Republican-dominated Congress would likely oppose the idea of a Democratic administration of President Bill Clinton renegotiating a treaty that lopsidedly favors the U.S., the source suggested.

Kamei also praised a U.S. agreement to allow, in exchange for the Fedex routes, cargo flights of two Japanese airlines to Chicago from the New Kansai International Airport in Osaka Bay.

'Numerical Targets' in Auto Talks Discussed

OW2007110195 Tokyo SANKEI SHIMBUN
in Japanese 18 Jul 95 Morning Edition p 9

[By Kenji Oyamada]

[FBIS Translated Text] U.S. Commerce Under Secretary Jeffrey Garten, who was a negotiator at the U.S.-Japan auto talks, will come to Japan on 30 July on the pretext of restoring the awkward Japan-U.S. relationship.

Yoshihiro Sakamoto, deputy vice minister of international trade and industry, who is his Japanese counterpart, however, indicates an unkind attitude, saying: "I do not want to see him for a while." So far, there is no plan to hold talks because Japan is distrustful of what the United States did after the auto talks agreement. The United States distributed a "fact sheet" in which it unilaterally filled in the numerical targets.

According to a Ministry of International Trade and Industry [MITI] negotiator, the Japanese negotiators were divided into two teams at the final stage of the auto talks. One team was involved in drawing up the accord with the U.S. officials. The other was set up to explain the Japanese automakers' voluntary plans to the United States.

The team led by Osamu Watanabe, director general of the Machinery and Information Industries Bureau, explained the voluntary plan to the U.S. officials. As soon as the United States started calculating the numerical figures, they left the room. It was because "it seemed possible that the United States might claim later that the Japanese Government participated in the estimation if they stayed in the room." At that time, the plan, which the Japanese negotiators gave to the United States, to be sure, did not include such numerical figures as local procurement rate at all.

At first, the U.S. negotiators had a dispute. While one negotiator said that "the numerical figures should be estimated based on the Japanese automakers' growth rate of the parts procurement amount for the past few years," the other maintained that "the figures should be estimated based on the trend of local procurement rate in the statement of accounts." It seems that, eventually, the United States estimated the fact sheet figures based on both.

A regular World Trade Organization (WTO) board meeting was held in Geneva on 11 July. Tadakatsu Sano, head of the International Economic Affairs Department, who attended the meeting, strongly denounced the fact sheet for "having no factual grounds." It is said

that the U.S. participants in the meeting did not comment on that. Since the United States had taken an "arbitrary attitude" on the numerical targets, which was the major point of contention, Japan's real feeling would be that the U.S. suggestion to restore relations now does not soothe its anger.

U.S., Australia To Watch Auto Parts Purchases

*OW2007235795 Tokyo KYODO in English
2328 GMT 20 Jul 95*

[FBIS Transcribed Text] New York, July 20 KYODO — The United States and Australia have agreed to jointly monitor Japanese automakers' purchases of U.S. and Australian auto parts, Australian Trade Minister Bob McMullan said Thursday.

The agreement was made during a meeting between McMullan and U.S. Trade Representative Mickey Kantor Wednesday, the Australian minister said.

Late last month, Japan and the U.S. reached a last-minute settlement over auto and auto parts trade hours before a Washington-set deadline for sanctions on \$5.9 billion worth of Japanese luxury cars.

Kantor estimated at that time that Japanese carmakers purchases of North American parts will increase by \$6.75 billion by 1998.

Japanese International Trade and Industry Minister Ryutaro Hashimoto said the Japanese Government has no involvement in the U.S. forecast, saying it is beyond the scope and responsibility of the Japanese Government.

The Japanese stance makes it hard to accurately measure the value of Japan's auto parts purchases, McMullan said.

He told Kantor that Australian manufacturers of auto parts plan to set up a monitoring organization, adding Kantor responded positively to the Australian plan.

Businesses Said More Outspoken Against U.S.

*OW2007141295 Tokyo AERA in Japanese 10 Jul 95
pp 10-12*

[Article by Yosuke Iso, AERA editorial staff member: "Japanese Enterprises Are Raising Their Heads: Arguing for Matters Which Need To Be Argued"]

[FBIS Translated Text] He could not easily compose himself because his remarks were distorted and disseminated overseas without his permission.

In the middle of June, Mitsubishi Corporation President Minoru Makihara sent a protest letter to THE WASHINGTON POST that carried an advertisement in

which the American Automobile Manufacturing Association [AAMA] had demanded sanction measures against Japanese automobiles. It was because President Makihara's name was listed along with U.S. President Bill Clinton and Republican House Speaker Newt Gingrich in the advertisement, which was captioned: "Who Said Japan Should Deregulate and Change Its Practice of Trade?"

In addition, a comment attached to it said that "Japanese markets are closed to foreign automobiles, trucks, and repair parts."

Usually amiable, President Makihara demonstrated his stern repulsion, saying "This is a serious and unpardonable case, because I was not contacted for permission before publication. I did not make a comment on the automobile issue but did mention the general necessity for Japanese deregulation. It was intentionally used for a subject I did not address."

Prudent Views in Companies Are Opposed

Makihara is a Harvard University graduate and is known for his pro-American attitude. He is chairman of the American Committee in Keidanren [the Japan Federation of Economic Organizations]. At the same time he lodged a protest against AAMA, he sent a "refutation" with his views about Japan-U.S. friction revolving around the automobile issue to THE WASHINGTON POST, which carried it on its 20 June issue. Entitled "Trade War Is Meaningless," the contributing article said it is not true that Japanese markets are closed to foreign cars or foreign-made auto parts, and pointed to concrete examples that "20 percent of Japanese auto dealers handle both foreign and Japanese cars," and "the Toyota Motor Corporation alone purchased \$4.7 billion worth of U.S.-made auto parts in 1993." The article admitted that "It is not as easy to take part in Japanese markets as in the United States," and asked the "private businesses directly concerned to pursue steady negotiations between themselves," because "trade wars are totally useless and will bring about adverse effects."

Within the corporation are those who were opposed to the contribution of such an article on the grounds that "it might get on the nerves of government trade negotiators." But the president himself decided that "it poses no problem for me to make public a frank view as a management executive." It signaled the beginning of an apparent "sign of change" in the stance of business executives, who had restrained from making political statements if possible, in fear of possibly adversely affecting their businesses.

Vice President Hiromichi Nakagawa of the French life insurance company Akusa [company name as transliter-

ated], which started operating in April in Japan, could not get accustomed to the management practices of the U.S. insurance company he previously worked for. He criticized that "the top priority of businesses run by Americans is returning profits to stockholders." "They treat employees like slaves and their only concern is earning profits."

In that respect, European enterprises run their businesses with a long-range view like Japanese ones. That is why Nakagawa did not feel a sense of incongruity when he switched companies.

President Koichi Hori of the Boston Consulting Group, well acquainted with the business situation in Japan and the United States, said "Japanese enterprises endeavor to keep their employees, even at the cost of curtailed operation of the plants." "U.S. businesses, operating on an entirely different idea of management, lay off their employees if they cannot earn profits, although both are capitalist countries." Shoichiro Irimajiri had been informally picked up to become a vice president of General Motors of the United States after retiring from Honda Motor Co., Ltd., when Hori successfully talked him into working for Sega Enterprises, one of the biggest video game machine manufacturers.

Behind this friction are differences in management concepts between Japan and the United States, on top of Japan's structural trade surplus.

TV Commercials in U.S. by Japanese Automobile Industry

Tension mounted to the pinnacle between Japan and the United States, revolving around the imminent imposition of sanctions against Japan, as the deadline of 28 June approached.

Because the Cold War structure between East and West collapsed, Japan and the United States feel little necessity to settle disputes politically for the sake of maintaining their alliance. Another big factor is that no trade negotiation issues are left to compel Japan to accept a political compromise, because the liberalization of rice imports, reputed to be Japan's Achilles' heel, was settled.

Industrial organizations thus turned to the offensive. The Japan Automobile Manufacturers Association, Inc. started making a direct appeal on its position to U.S. consumers and, at the same time, supported the Ministry of International Trade and Industry's [MITI's] position in negotiations.

From late May, an advertisement entitled "What Is the Use of Restricting the Import of Japanese Automobiles?" was run in major U.S. daily newspapers and, at

the same time, a 30-second advertisement entitled "Free Trade Is the Way to Prosperity" began to air on nationwide U.S. television networks.

Kuniyoshi Sawada, international bureau chief of the Japan Automobile Manufacturers Association, Inc., explained the aim of the advertisement as follows: "The Big Three U.S. auto manufacturers exported 84,000 cars in 1994, excluding those exported to Canada. In comparison, Japanese automakers in the United States exported 190,000 cars, more than twice that number. In fact, the Japanese auto manufacturers are making more contributions to U.S. trade than the Big Three."

Japan's auto industry, which was compelled to apply voluntary export control under MITI guidance and to promise to procure auto parts in place of gifts to the U.S. President on an official visit to Japan, seemed to have become aware of the importance of winning consumers' understanding.

The Japanese auto industry is critical of the way some U.S. enterprises try to settle matters by forceful means through the threat of sanctions by the office of the U.S. Trade Representative [USTR].

Asian Market Is More Important Than the United States

Eastman Kodak Co. of the United States applied for an application of the Super 301 clause of the Omnibus Trade and Competitiveness Act of 1988 against the Fuji Photo Film Co., Ltd. on the ground that the latter is unfairly dominating the distribution market in Japan. The U.S. enterprise, which had been steadily attempting to come into the Japanese market, suddenly switched its course following former Motorola, Inc. Chairman George Fisher's taking over the chairmanship of Kodak in December 1993.

Motorola has left a strong impression on Japan by highhandedly introducing its cellular phones into Japan by teaming up with the USTR. The man Chairman Fisher singled out for Kodak's vice president was the chief of the USTR's China-Japan Department who had taken the lead in the Japan-U.S. Structural Impediments Initiative [SII] talks until this March.

Against the outside pressure of the combined forces of government and private enterprise, Fuji Film's Executive Director Masayuki Muneyuki said, "It is difficult to understand why Eastman Kodak filed a complaint to the USTR without applying to Japan's Fair Trade Commission for an investigation." He is ready to contend to the last.

Japanese enterprises' repulsion against U.S. enterprises stems not only from "intimidation, theatrical behavior,

and the politically oriented attitude" of the United States, as President Makihara pointed out.

Chairman Yotaro Kobayashi of the Japan-U.S. Business Conference, who is also chairman of Fuji Xerox Co., Ltd., analyzes that the situation "stems in great part from the emergence of the growing market of Asia before their eyes."

The role of the Japan-U.S. relationship as the pivotal foundation of business will probably not change. But in five or six years, huge infrastructural investments amounting 100 trillion yen will be made in Asia and a big consumer market will emerge as a result. Already Japan's trade surplus with Asia overtook its trade balance with the United States.

In FY94, direct investments in Asia by the manufacturing industry exceeded its investment in the United States by \$400 million.

"Yen-Rather-Than-Dollar" Oriented Economic Sphere Preferred

With such closely related economic activities between Japan and Asia as the background, a contention is gaining strength in economic circles that the yen should be made one of the basic currencies in the Asian market.

When the yen-oriented economic sphere expands, export businesses will be free from worries about abrupt changes in exchange rates. They think they do not have to worry about U.S. exchange rate-related pressure in trade negotiations.

Representative Jiro Ushio of the Japanese Association of Corporate Executives, who is also chairman of Ushio Inc., stressed that the yen-oriented economic sphere "can be possible if Japan triples its volume of imports from Asia." "Increased transactions based on the yen may constitute a short-range factor of high yen, but it is better than the meaningless high yen."

Because of the rapid depreciation of the dollar, Asian countries are shifting their reserve currencies to yen or the German mark. In the meantime, Middle East countries belonging to OPEC are examining the possibility of shifting from the dollar currency in fixing oil prices to the special drawing right [SDR], a weighted average price of five major currencies.

"Detachment from dollars" in Asia and the Middle East is now growing into a reality.

Yet Yuji Kikuchi, chief of Research Department of the Bank of Tokyo, Ltd., is indifferent and said that the yen-oriented economic sphere cannot be established intentionally but can only be generated spontaneously.

A leading Finance Ministry official is negative and said that "No discussion will be held on the yen currency sphere unless the yen is stabilized and the danger of a slump in dollars is gone."

The Bank of Tokyo's Kikuchi said, "It must not be forgotten that Japan has been able to continue to fly, with the assistance of the side wind of the U.S. market, although it is said that Asia has achieved development side by side with Japan as its leader."

In Asia, there is a movement against the yen sphere because it reminds Asians of the "Greater East Asia Co-Prosperity Sphere" before WWII.

President Makihara may be right when he said "A solid basic relationship with the United States should be maintained if Japan is to demonstrate its leadership in Asia."

U.S. To Target 'Keiretsu' in Framework Talks

OW2107003495 Tokyo KYODO in English 2346 20Jul

[FBIS Transcribed Text] Washington, July 20 KYODO — The United States intends to address Japan's "keiretsu" system of interlocking corporate ownership as its next priority issue in the bilateral framework negotiations, a senior U.S. official said Thursday.

"I guess I would say that priority areas now are the ones that we have not completed...particularly on the structural side," U.S. under secretary of state Joan Spero told reporters.

She listed competition policy, technology policy, continuing with financial deregulation as "very high on the agenda."

All of these sectors feature the "keiretsu" system, which the United States has been claiming as the biggest impediment for U.S. companies entering the Japanese market.

Spero also said however, that the system itself does not lack advantages, and that the United States should find ways to encourage Japan to form such ties with foreign companies.

"In fact, many U.S. companies have discovered that there are certain advantages of buyer-supplier relationships, the design is process," she said.

"So, the question is not trying to overthrow the system, but how can you reduce its impact on foreigners and how can you encourage relationships to develop between foreign firms and Japanese firms," Spero said.

"Regarding keiretsu, you're not going to change that system overnight," she stressed.

Echoing increasing U.S. interests in the keiretsu system, U.S. Trade Representative Mickey Kantor on July 3 initiated an investigation into Japan's photographic film and paper market in line with a complaint filed by Eastman Kodak Co.

In its petition, Kodak insists that the keiretsu system of Japan's Fuji photo film Co. and its distributors impedes fair competitive practices.

Washington and Tokyo completed their negotiations on the three priority areas under the framework talks at an accord reached on auto and auto parts trade in June.

FSX Cost Overruns Likely To Spark Friction

*OW2007122395 Tokyo YOMIURI SHIMBUN
in Japanese 16 Jul 95 Morning Edition p 1*

[By Koichi Akaza]

[FBIS Translated Text] Washington, 15 Jul — It was learned that the production cost for one FSX, the Air Self-Defense Force's next support fighter which is being jointly developed by Japan and the United States, will be around 10 billion yen, or around two times the original estimate. This was revealed by sources on Japan-U.S. defense on 15 July.

It is believed that this unexpected increase in cost may have a subtle impact on the FSX's deployment plans amid the general trend of curbing defense expenditures after the end of the Cold War.

Furthermore, "cost cutting" will probably become the focal issue in future discussions between Japan and the United States on mass producing the aircraft, including the number to be produced and such related matters. This may entail some rough sailing in negotiations with the United States in view of the U.S. defense industry's desire to increase orders for the fighter.

The United States is also expected to ask for a review of the "work share" in bilateral negotiations. The original agreement was that the United States will shoulder 40 percent of the expenses during both the production and development stages. However, the subsequent appreciation of the yen made the United States unable to fulfill its pledge in dollar terms in the development phase. There are already signs that this may develop into a source of new Japan-U.S. friction.

The research and development costs for the FSX were originally estimated at 165 billion yen, but they turned out to be 340 billion yen. Estimates for production costs stand at around 5 billion yen if all 130 units are to be manufactured. Adding parts and other expenses, the whole project is expected to cost a total of 1 trillion yen.

However, composite carbon material has been used on the main wings to reduce weight, while advanced stealth technology has also been used extensively to hinder radar detection, resulting in a dramatic inflation of costs. This increase in production costs may give rise to skepticism about the need for the FSX, with the protagonists arguing that, "Joint development need not necessarily lead to mass production; it may be more cost-effective to purchase and remodel F-16's." (according to a source on Japan-U.S. relations)

For the above reasons, the Defense Agency, which wants to include expenses for FSX mass production in the FY96 budget, is asking Mitsubishi Heavy Industries, Ltd. and the U.S. Lockheed Company, which are involved in FSX development, to revise their cost estimates downward. However, a substantial reduction does not seem probable.

As to work share, 40 percent of the total cost for development was converted into dollars, and the work corresponding to that amount was allocated to the United States to produce an FSX on an experimental basis. The exchange rate at that time was 130 yen to the dollar. However, after the sudden yen appreciation against the dollar, the work share for Japan, which is yen-based, has increased sharply, while that for the United States has remained the same in dollar terms.

Because of this, the United States believes that "we will not be able to keep our work share in this situation," and thus asked Japan in the unofficial negotiations on mass production to expand the U.S. work share to include the main wings and other parts.

In response to the U.S. demand, Japan indicated its position that it is difficult to change the production of parts assigned to each side's during the process of development. Japan maintains that it is rather appropriate to share the work based on the actual amount of work, but not on the amount of cost, which is affected by the exchange rate.

With regard to the FSX development, Japan's initial concept for the total domestic production was abolished under U.S. pressure. Even after the joint development accord was signed, the U.S. Congress was strongly opposed to the U.S. transferring advanced aircraft technology to Japan, thereby resulting in great difficulty in obtaining approval for the accord. All the more because of such circumstances, the United States indicates a tough attitude on this issue, and maintains that "40 percent of the work share is a fundamental agreement. If Japan can not keep it, opposition from the U.S. Congress is unavoidable" (said a senior official of the Pentagon).

Talks With EU on Liquor Tax Dispute Continue

*OW2007160295 Tokyo KYODO in English
1516 GMT 20 Jul 95*

[FBIS Transcribed Text] Geneva, July 20 KYODO — Japan and the European Union (EU) started negotiations Thursday [20 July] on a long-standing liquor tax dispute at the EU delegation office in Geneva under rules of the World Trade Organization (WTO).

It is the first round of talks on a complaint filed with the world trade watchdog by the EU over the tax discrepancy in Japan between imported whiskey and domestic "shochu" distilled spirit.

During a break in the talks, John Richardson, head of the EU's Japan desk, told reporters "If they would give us a firm timetable for the elimination (of differences in taxes on shochu and whiskey) in the near future, we would consider that and it would lead to the termination of this particular process."

He also said, "We have never asked for the tax rate on shochu to be raised. We have always requested that the tax differentiations be eliminated."

The U.S. and Canada are taking part in the bilateral negotiations as concerned third parties.

After the talks, Japan and the U.S. are scheduled to hold a meeting on the issue at the Japanese delegation office here, they said.

In 1987, the former General Agreement on Tariffs and Trade (GATT) advised Japan to correct its liquor tax imbalance in response to a suit by the European Community.

Japan responded by abolishing an ad valorem tax and a taxation system by grade for whiskey, which narrowed the imbalance in tax rates for the two types of liquor to about four times from more than 10 times.

The EU, however, remains unsatisfied, they said.

Japan will seek understanding from the EU, the U.S. and Canada by stressing its correcting efforts so far and explaining the difference in domestic consumption between whiskey and shochu, they said.

However, the EU will continue its pursuit of an impartial tax rate for whiskey, they said.

Should the bilateral talks break down, as is thought likely, the EU, the U.S. and Canada can ask the WTO to set up a special panel for a multilateral judgment after 60 days of talks, according to WTO rules.

France Warns Against Boycott Over Nuclear Tests

*OW2007155995 Tokyo KYODO in English
1535 GMT 20 Jul 95*

[FBIS Transcribed Text] Paris, July 20 KYODO — France warned Thursday [20 July] against a possible Japanese move to boycott French goods in protest over Paris' decision to resume nuclear testing, a Foreign Ministry spokesman said.

The spokesman said Paris made the warning when it summoned Japanese Ambassador to France Koichiro Matsuura to tell him that there has been no change in the decision to conduct eight underground tests in the South Pacific.

Matsuura was told that France hopes its excellent relations with Japan would not be jeopardized by a boycott of French goods over the French move to resume nuclear testing, the spokesman said.

Fears of a possible Japanese boycott of French goods came in the wake of comments by Japanese Finance Minister Masayoshi Takemura earlier this week.

Takemura, leader of one of the three parties in the ruling coalition, suggested Tuesday that Japan should boycott French goods as a way to protest the French decision to resume nuclear testing.

But Chief Cabinet Secretary Kozo Igarashi said Thursday that Prime Minister Tomiichi Murayama has no plans to call for a government boycott of French goods.

Further Reaction to French Nuclear Test Plan

Drafting of Ban Resolution Begins

*OW2007143095 Tokyo MAINICHI SHIMBUN
in Japanese 20 Jul 95 Morning Edition p 3*

[FBIS Translated Text] On 19 July, the Ministry of Foreign Affairs [MOFA] began working on a draft of a nuclear test ban resolution to be submitted to the UN General Assembly session this fall, in regard to France's decision to resume nuclear tests. Since a MOFA-proposed "nuclear disarmament resolution toward an ultimate abolition of nuclear arms" submitted to the UNGA last year was adopted without any opposition (with 163 countries voting in favor and eight countries abstaining), MOFA believes that its proposal "will definitely be adopted again" (according to a senior MOFA official). As a result, the ministry plans to begin conducting behind-the-scenes maneuvers next month, using its draft resolution as a basis, in order to round up as many countries as possible to become cosponsors.

It is observed that the draft resolution will be drawn up centering on the following points: 1) prompt conclusion

of the Comprehensive Test Ban Treaty (CTBT); and 2) suspension of nuclear tests until the CTBT is concluded (self restraint by nuclear powers). It has not been decided whether the resolution will specifically name China, which has resumed nuclear tests, and France, which has decided to resume tests. MOFA plans to finalize the draft resolution after consulting countries that agree to become cosponsors.

The next UNGA session will begin in late September. The draft resolution will be submitted to the UNGA session after the First Committee (on political and security affairs) has deliberated on it. Since foreign ministers and other officials will be delivering speeches at the UNGA session, the resolution will not actually be adopted until October or later.

Last year, France abstained from voting on the resolution on banning nuclear arms. It is certain that France will either abstain again or veto the new resolution. Although resolutions have no binding power, MOFA believes that "by clarifying that the international community is opposed to nuclear tests, pressure can be applied to countries that possess nuclear arms" (as stated by the same MOFA official).

Meeting With Envoy Briefed

*OW2007121495 Tokyo ASAHI SHIMBUN NEWS
CONFERENCE REPORT in Japanese 0359 20 Jul 95*

[News conference by Chief Cabinet Secretary Kozo Igarashi with unidentified domestic reporters at the Prime Minister's Official Residence in Tokyo on the morning of 20 July]

[FBIS Translated Excerpt] Good morning. First of all, I would like to brief you on my meeting with French Ambassador to Japan Jean-Bernard Ouvrieu.

The people are deeply concerned about France's decision to resume its nuclear tests. This issue was taken up at an informal cabinet meeting after a regular cabinet meeting this morning, and a heated discussion was held among cabinet members. During the informal cabinet meeting, Prime Minister Murayama instructed me to explain again to the French ambassador Japan's position on the French nuclear tests. At 1000 this morning, I called the French ambassador to the Prime Minister's Official Residence. During the meeting with the French envoy, I made the following requests, after reiterating Japan's position that France should halt its planned nuclear tests:

1. Japan extremely regrets France's resumption of nuclear tests and is deeply concerned that France's resumption of nuclear tests will result in a loss of

confidence in the nuclear nonproliferation system under the Nuclear Nonproliferation Treaty [NPT].

2. Japan hopes that France's resumption of nuclear tests will not have an adverse impact on friendly Japan-France relations. Japan deeply regrets that France's decision to resume its nuclear tests is inflicting emotional wounds on the Japanese people, who feel friendly toward France.

3. At the expanded foreign ministerial talks of ASEAN and ARF [ASEAN Regional Forum] and at every opportunity, Japan plans to raise this issue and ask France to reconsider its decision to resume nuclear tests. As the Japanese Government announced today, Japan plans to submit to the UN General Assembly this autumn a draft resolution calling for a halt to nuclear tests. The three ruling parties have already agreed to ask the Diet to adopt a resolution calling for a halt to nuclear tests.

4. Japan and many other nations regret France's decision to resume its nuclear tests, and Japan strongly hopes that France will take their reactions seriously. Japan also strongly hopes that France will make a courageous decision to reconsider its decision to resume nuclear tests, for the sake of its own honor.

I made these requests to the French ambassador. In response, the French envoy said the following:

1. I will convey Prime Minister Murayama's message to President Chirac accurately and swiftly. I believe that President Chirac will answer the message.

2. As you have just said, France hopes that this issue will not adversely affect friendly relations between Japan and France.

3. France fully understands feelings of the Japanese people. But France is deeply worried about growing emotional movements in Japan.

4. France has suffered three foreign aggressions during the current century. This is the history of France. France wants to make the Japanese people understand its views on security and the preservation of its territory.

During the meeting with the French ambassador, I said that nuclear powers, which have a special status under the NPT, have an obligation to respond to the trust of nonnuclear nations. Japan hopes that all the nuclear powers will make aggressive contributions to the conclusion of the Comprehensive Test Ban Treaty, without conducting nuclear tests. The 50th anniversary of the dropping of atomic bombs on Japan falls this year. I would like to reiterate my request that France fully understand the strong antinuclear feelings of the

Japanese people. This request is a consensus of the Japanese people. [passage omitted]

'Strong Opposition' To Continue

*OW2107112195 Tokyo KYODO in English
1032 GMT 21 Jul 95*

[FBIS Transcribed Text] Tokyo, July 21 KYODO — Japan will keep pressing France to halt its plan to resume nuclear tests in the South Pacific, stressing strong opposition among Japanese people, Chief Cabinet Secretary Kozo Igarashi said Friday [21 July].

"We will seize every opportunity to request that the nuclear testing be halted," Igarashi told a news conference.

Tokyo will also request the United Nations to pass a resolution banning nuclear tests, and will seek a parliamentary declaration along similar lines to persuade France to drop its plans.

On Thursday, Igarashi summoned French Ambassador to Japan Jean-Bernard Ouvrieu to the official residence of Prime Minister Tomiichi Murayama to reiterate Japan's opposition.

On Friday, members of the Japan Confederation of A-and-H-Bomb Sufferers Organizations delivered a letter of protest of nuclear testing to the French embassy in Tokyo.

The letter said the tests will lead to an increase in the number of victims of nuclear weapons and damage the environment.

Kesennuma, in northern Miyagi Prefecture on the Pacific coast, where a large proportion of the nation's tuna fishing fleet make use of South Pacific waters, also sent a note to the French Embassy protesting the tests.

Murayama Urged To Stand Firm

*OW2007143295 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 20 Jul 95 Morning Edition p 2*

[FBIS Translated Text] Prime Minister Murayama has indicated his intention to submit to the United Nations and the Diet resolutions calling for a halt to nuclear tests. At a meeting with a group of reporters on the morning of 19 July in Hiroshima, where he was on a campaign visit, Ichiro Ozawa, secretary general of the main opposition New Frontier Party [NFP], commented on the prime minister's intention: "It is very good for the prime minister to indicate such an intention. If he fails to indicate what his government will do to make those resolutions effective, however, his intention could end up being just a performance." Ozawa went on to say: "China has conducted nuclear tests in defiance of Japan's demand, and France is trying to conduct

nuclear tests. The rest of the world will not listen to Japan if the prime minister does not indicate how his government will deal with their nuclear tests." In this way, he stated that the government needs to make clear what countermeasures it will take if the two nations conduct their nuclear tests despite the resolutions.

No Agreement Seen in PRC Disarmament Talks

*OW2007232095 Tokyo TOKYO SHIMBUN
in Japanese 19 Jul 95 Morning Edition p 2*

[FBIS Translated Text] The Japanese and PRC governments agreed on 18 July to hold a meeting on arms management and disarmament in Beijing on 25 July.

This meeting will be held at the bureau chief level. Akira Hayashi, councillor in charge of arms management and science at the Ministry of Foreign Affairs, will represent Japan. China's resumption of nuclear testing will be the focal issue at the meeting. This will be the first meeting between the two countries specifically devoted to disarmament.

China resumed nuclear testing after an interval of seven months in mid-May, shortly after Prime Minister Tomiichi Murayama's visit to the PRC. Japan resents the fact that despite Murayama's repeated demand at his meeting with PRC Premier Li Peng that nuclear testing be discontinued, China conducted nuclear experiments right after his visit. To express its dissatisfaction, Japan has decided to reduce the total amount of grants-in-aid to China in FY95 to a level lower than that of the previous fiscal year, and to inform the PRC of this decision.

There are reports that China may conduct its next round of nuclear testing in August. Japan will renew its demand that such tests be suspended at the bilateral disarmament conference on 25 July. In response, China is expected to repeat its argument that it will stop nuclear tests once the Comprehensive Test Ban Treaty (CTBT) takes effect. No point of agreement is in sight in the discussions.

Automakers To Hold Talks With Beijing

*OW2107095395 Tokyo KYODO in English
0906 GMT 21 Jul 95*

[FBIS Transcribed Text] Tokyo, July 21 KYODO — Japanese auto industry executives will seek opportunities to do business in China during a three-day meeting with Chinese government and industry leaders in Beijing from Monday, officials said Friday [21 July].

This year's meeting is especially important to Japanese automakers because the Chinese government has declared its intention to introduce foreign capital after

1996 to pave the way for the production of passenger cars, the officials said.

They said the Japanese delegation will be led by Masami Iwasaki, head of the Japan Automobile Manufacturers Association, and will comprise some 140 members including automotive executives and government officials.

Some 100 Chinese Government officials and auto industry executives will also attend the session, at which discussions of such issues as the outlook for the Chinese auto market and measures to foster local parts makers will be held, the officials said.

Last year, the Chinese Government announced a new auto policy with an eye toward producing 3 million passenger cars a year by 2000.

Japanese participants at the coming meeting want to hear what the Chinese Government will say about progress in its automotive policy and its criteria for selecting foreign companies for participation in auto projects, the officials said.

The annual meeting between the Japanese auto industry and the Chinese Government began in 1993 to exchange views on issues of common interest.

Diplomat Meets With Aung San Suu Kyi

*OW2007124295 Tokyo KYODO in English
1146 GMT 20 Jul 95*

[FBIS Transcribed Text] Yangon, July 20 KYODO — A Japanese diplomat met Thursday [20 July] with recently released Myanmar [Burma] opposition leader Aung San Suu Kyi at the Japanese ambassador's residence in Yangon [Rangoon], diplomatic sources said.

Masaaki Ono, deputy head of the Foreign Ministry's Asian Affairs Bureau, shared lunch with Suu Kyi at the residence of Japanese envoy Takashi Tajima, the sources said.

Ono arrived Wednesday to study the situation in Myanmar and brief local government officials on Japan's policy toward Myanmar.

Details of the hourlong luncheon meeting were not known immediately.

Suu Kyi was released last week after six years of house arrest.

Before Ono's departure, ministry officials said in Tokyo the diplomat intends to tell the ruling military junta that Japan aims to gradually resume suspended official development assistance (ODA) to Myanmar after observing the country's democratization process, including the passage of a new constitution and the transfer of power to a democratically elected government.

Japan suspended its ODA to the country after the military seized power in 1988.

'Secret Messenger' in DPRK Rice Aid Discussed

*OW2007110295 Tokyo AERA in Japanese 3 Jul 95
pp 22-23*

[Article by AERA editor Kiyoshi Hasaba: "Japanese Professional Wrestler-Turned Lawmaker Acted as Secret Messenger in Rice Deal Between North and South Korea"]

[Text] Kanji "Antonio" Inoki, the famous Japanese pro wrestler-turned lawmaker, returned to Narita Airport via Beijing on the evening of 20 June, after spending a few days in Pyongyang. On the same evening, North and South Korean negotiators were about to sign a landmark rice-aid agreement in Beijing.

Inoki is well known for having many contacts in Pyongyang. For instance, he helped organize the International Sports and Cultural Festival for Peace in Pyongyang, which was held at the end of April.

There is now a story going around that Inoki acted as a "secret messenger" on behalf of South Korea, because of the sudden progress made after the festival on the question of supplying South Korean as well as Japanese rice to North Korea.

At the 30 May meeting of the upper house Foreign Affairs Committee, Inoki revealed a surprising inside story when he took the floor for questions. "I was asked by South Korean officials to bring their message to Kim Yong-sun. They said they were asking me because I have Mr. Kim's confidence. I agreed with pleasure to act as a messenger. The rice-aid issue was also included in the message I delivered to Mr. Kim on the occasion of the festival," Inoki said.

Kim Yong-sun, secretary of the Workers' Party of Korea [WPK], had already received a message from the South Korean Government about the rice-aid issue at the end of April.

South Korean officials had reportedly approached Inoki at the end of March.

Between September 1994 and March 1995, Inoki visited North Korea three times to make preparations for the festival and had established strong connections in Pyongyang. The South Korean Government, which had lost contact with the North after the death of President Kim Il-song in July 1994, took note of Inoki's relations with Pyongyang.

A Copy of the "South Korean Message"

Informed circles say they have obtained a copy of a document believed to reflect the contents of the South Korean message in question.

According to this document, the message said that South Korea had no intention of questioning the cause of the severe food crisis and criticizing North Korea for it, and that South Korea could find a way to supply rice without shaming or burdening North Korea .

The message also pointed out that even if North Korea tried to procure food through nongovernmental and/or religious organizations, these organizations were not able to send out cereal grains in large quantities because of government controls.

The message also included a sentence threatening that South Korea might level severe criticism against the Pyongyang leadership, depending on the situation. It also asked North Korea to stop slandering President Kim Yong-sam.

According to the same informed circles, Inoki first conveyed the South Korean Government message verbally to WPK Secretary Kim when he visited Pyongyang for the fourth time on 8 April. He forwarded Kim's reply to a South Korean official after returning to Japan. Moreover, during the festival, he handed over the official South Korean Government letter to Secretary Kim. He received Kim's written answer in exchange and gave it to the South Koreans. When he handed his written answer to Inoki, Kim expressed his suspicions about South Korean officials, saying that their deeds do not agree with their words. However, he also said, "We will examine their offer, because this is also a point of honor with Mr. Inoki."

AERA interviewed Inoki on 21 June, a day after he returned from his last trip to Pyongyang. Pressed for an answer, Inoki said, "I cannot say anything at the moment, because I am committed to keeping silence. Promises exchanged between men should not be broken." However, far from denying that he had played an important part in the rice-aid negotiations between North and South Korea, he also said: "I had lunch with Secretary Kim during my last visit to Pyongyang. He thanked me for my help, saying that my efforts were reflected in the inter-Korean talks in Beijing."

At the beginning, Japan preceded South Korea in the move to provide food assistance to the North, because North Korea was reluctant to enter into direct negotiations with the South. Japan had reportedly entered into secret negotiations with North Korea some time in the autumn of last year, through an intermediary, a South Korean businessman residing in the United States. It

is also said that the rice-aid issue was brought up for discussion when Kosuke Hori, on behalf of the Liberal Democratic Party Policy Research Council chairman, contacted Secretary Kim's close associate in Singapore in the middle of last February.

Is North Korea Switching to a Soft Line?

Since adopting a socialist system of its own, North Korea has made a false show of power by conducting active propaganda about its abundant harvest. Thus, making a formal request for food assistance was a hard task for North Korea. Moreover, North Korea knew that Japan would probably not supply rice without obtaining South Korea's endorsement. This is why it did not bring up the rice-aid issue for discussion when Japanese politicians from the ruling coalition went to Pyongyang at the end of March for informal discussions on restarting normalization talks. So the rice-aid issue has been in limbo for a while.

Under such circumstances, Inoki acted as a go-between between North and South Korea. Japan was formally asked by North Korea on 26 May to provide food assistance, when representatives of the three ruling parties met with a delegation from North Korea's International Trade Promotion Committee. North Korea probably decided to make a formal request to Japan for help at this time, because it was about to reach a compromise agreement with the United States on the question of accepting South Korean-made light-water reactors (the final agreement was eventually reached on June 13), and because it had become confident it would achieve a certain measure of success following informal contacts with the South through Mr. Inoki.

At the above-mentioned upper house Foreign Affairs Committee meeting, which was held right after Japan received the formal request from North Korea, Inoki also said: "I asked North Korean officials if they really had enough food. I also told them Japan could not provide any assistance unless North Korea had a heart-to- heart talk with Japan." His words might have prompted North Korea to change its stance.

The rice-aid agreement of 21 June, in which South Korea promised to provide North Korea with 150,000 tons of free rice, enabled Japan to open negotiations with North Korea over its own offer of rice.

Until now, North Korea had refused to recognize the South Korean Government's authority, labeling it the "United States' puppet government." This is why North Korea tried to shun help from South Korea until the last minute. The rice-aid agreement between the two Koreas proved that North Korea could no longer pretend to have plenty of food to eat. "North Korea betrayed

its weakness in the contest with the South to justify the superiority of its own system," Keio University Professor Masao Okonogi said.

North Korea was compelled to accept South Korea's offer of rice because it wanted to improve the country's food situation on the occasion of the first anniversary of Kim Il-song's death and before the official inauguration of a new regime led by his successor, Kim Chong-il.

This is probably the first time North Korea has ever sacrificed its vanity to accept aid from South Korea. But we still have to wait for a while before drawing a conclusion on whether this decision signifies a shift by North Korea to a soft stance based on pragmatism.

BOJ Report Predicts Slow Economic Recovery

*OW2107093095 Tokyo KYODO in English
0901 GMT 21 Jul 95*

[FBIS Transcribed Text] Tokyo, July 21 KYODO — The Japanese economy has lost some of its momentum toward recovery although it is still in the process of picking up, the Bank of Japan (BOJ) said in an economic outlook report released Friday [21 July].

The rise of corporate capital spending has resumed but net exports are slowing slightly and housing and public works investment is at a standstill, according to the report, which assesses this summer's economic trend.

Personal spending is on a firm trend but its growth tempo is extremely slow, according to the report.

Prices are continuing downward, with consumer prices recently falling from year-before levels for the first time in eight years, the central bank said.

In view of these trends, the recovery pace of Japan's economy is likely to stay moderate, it said.

If the current recovery pause lasts long and that leads to further deterioration in corporate earnings and employment conditions, there would be a danger that the government's scenario of putting the mild recovery on a steady growth track could be frustrated, it said.

The Bank of Japan forecast that Japan's key money supply will grow about 3 percent in the July-September quarter from a year before, about the same as the 3.2 percent gain registered in the April-June period.

Drop in Industry's Competitiveness Noted

*OW1907234495 Tokyo YOMIURI SHIMBUN
in Japanese 19 Jul 95 Morning Edition p 6*

[FBIS Translated Text] The Japan Development Bank (JDB) issued a report on 18 July, noting that Japanese manufacturing industries' competitiveness in international markets has dropped to its lowest levels since

the end of World War II due to the yen's appreciation against other currencies in the 1990's. The JDB suggests in its report that effective measures to stabilize exchange rates are needed to maintain growth in the manufacturing industries.

According to the report, dollar-based prices on the manufacturing industries' exported products have risen due to yen appreciation, while price competitiveness against foreign products has sharply declined since the 1990's.

The JDB price competitiveness index (100 in 1990), based on the manufacturing industries' productivity and exchange rates, dropped to a post-war record low of 81 from 100 because the yen's exchange rate rose by 30.2 percent over the 1990-1993 period. In particular, poor performance has been noted in the semi-finished products industries. For example, the competitiveness index of Japanese chemical industries' exports to the South Korea dropped to 70.

The primary factor for this is the fact that wages in Japan converted in dollars became higher than wages abroad due to the progressive yen appreciation. The competitiveness index for the 1990-1993 period was raised by an annual rate of 0.1 percent as a result of improved productivity but a relative rise in wages due to yen appreciation caused the index to drop by 7.0 percent, resulting in the 6.9 percent overall drop.

Auto Workers' Unions Want Tightened Labor Pact

*OW2007131095 Tokyo KYODO in English
1029 GMT 20 Jul 95*

[FBIS Transcribed Text] Tokyo, July 20 KYODO — The confederation of automobile and auto parts workers will ask management for a new rule requiring companies to hold consultations before making labor adjustments, confederation officials said Thursday [20 July].

Such actions by management include transfers of employees and requests for voluntary retirement, officials of the Confederation of Japan Automobile Workers' Union said.

The move by labor reflects a tight employment situation amid the industry's hollowing out due to the yen's appreciation.

The group, comprising 795,000 workers, will officially decide at its central executive committee meeting on July 31 to demand that management adopt the rule in their labor agreement, they said.

It is the first time for the confederation to encourage umbrella unions and management to work out an agreement to secure jobs. The Japan Trade Union

Confederation (Rengo) has already made a similar move.

The labor agreement between employers and employees spells out wages, working hours, other employment conditions and procedures for labor-management negotiations. The labor standard law requires labor unions and management to conclude an agreement only concerning retirement and dismissal.

According to Rengo, only 50 percent of companies have labor agreements that prescribe voluntary retirement, transfers and layoffs.

Many but the major companies in the auto industry have incomplete labor agreements, while others have none.

The confederation, which serves as an umbrella for 1,400 labor union groups, will survey firms to see whether they have labor agreements and to determine the employment situation, they said.

Based on the results, the confederation plans to lobby the Japan Auto Parts Union Society and the Japan Automobile Industry Employers' Association to set up advanced labor agreements.

North Korea

Message on Armistice Sent to Butrus-Ghali

SK2107110295 Pyongyang Radio Pyongyang
in Korean to South Korea 2200 GMT 20 Jul 95

[FBIS Translated Text] The letter sent on 3 July from Comrade Kim Yong-nam, vice premier of the Administration Council and foreign minister, to UN Secretary-General Butrus Butrus-Ghali on the occasion of the elapse of 20 years since a resolution on the Korean issue was adopted at the 30th United Nations General Assembly was distributed on 10 July as official document No. S1995-551 of the UN Security Council.

The letter pointed out: On 18 November 1975, the 30th UN General Assembly adopted a resolution calling for the dissolution of the UN Command in South Korea; the withdrawal of foreign forces; the replacement of the Armistice Agreement with a peace treaty; and the realization of disarmament. This resolution was a just step taken with a view to ensuring a durable peace on the Korean peninsula and to opening a bright prospect for the ultimate resolution of the Korean question.

The government of the Republic, putting forward various proposals and initiatives, has over the past 20 years made patient efforts to implement the UN resolution.

Concerning this, we issued a Foreign Ministry memorandum on 29 June. In spite of persistent efforts by the DPRK Government, the UN resolution has not been

implemented to date, even to a minor extent, and the Korean peninsula remains a most unstable area in the Asia-Pacific region.

In fact, the Armistice Agreement and armistice supervisory organ have been systematically destroyed and paralyzed by the United States over the past 40-odd years since the Armistice was realized in Korea. As the result, the Korean peninsula now lacks institutional devices to maintain peace and control security.

If the vacuum is left intact under today's conditions, in which enormous numbers of troops from the two hostile sides tensely confront each other with only the Military Demarcation Line in between, then even a minor accident cannot be prevented, and this may easily expand into all-out armed collision.

With a view to preventing such a grave situation from occurring, in April last year the DPRK Government put forward a proposal to establish a new peace guarantee system as well as proposed talks with the United States to put it into practice.

The significant element working as an obstacle to establishing a new peace guarantee system, which will replace the outdated Armistice system on the Korean peninsula, is that the United Nations is involved in it.

The UN Forces and UN Command that still remain in South Korea were created by the United States of its own accord, and not by a decision of the United Nations, in order to drag the armed forces of its allied nations into the Korean War.

As you mentioned in your letter to me on 24 June 1994, on 7 July 1950 the UN Security Council did not organize the allied command as a subordinate organization, but merely advised that a command be organized under U.S. supervision.

The nations that participated in the Korean War withdrew their troops once the Armistice was realized. As a result, the UN Command in South Korea is composed only of U.S. forces.

Furthermore, because of the existence of the UN Command, which has no justification at all, our nation and the United Nations maintain an awkward relationship even today as we mark the 50th anniversary of the founding of the United Nations, despite the DPRK's admission to the United Nations in 1991. This is a highly abnormal phenomenon which runs counter to the trend of international detente.

Needless to say, since the UN Command in South Korea was organized by the United States and is beyond UN control, it may not be possible for the United Nations to

take steps to dissolve the command. However, since the United Nations allowed the allied command to use the UN flag, it is possible for the United Nations to recall the UN Command by preventing it from using their flag.

Recognizing that this corresponds to the UN Charter and UN mission, I express the hope that his excellency secretary-general will extend positive cooperation on this matter.

Violence by Americans, Japanese Denounced

*SK2107104095 Pyongyang KCNA in English
1030 GMT 21 Jul 95*

[FBIS Transcribed Text] Pyongyang, July 21 (KCNA) — The Secretariat of the Committee for the Peaceful Reunification of the Fatherland [CPRF] in Information No. 689 on July 20 denounced the recent criminal acts of U.S. and Japanese gangsters in South Korea.

In Taegu, on July 14, four drunken Americans broke into a house, destroyed a car and a motorcycle, injured the householder and fled.

On the 13th, Shigemitsushi, chief of the Seoul Branch of a Japanese bank, while arguing with unionists, made remarks insulting a female employee, assaulted her and heavily wounded her.

The information said:

Criminal acts of foreigners are being committed openly in South Korea and they are increasing in number as days go by. This is an inevitable result of the dirty flunkeyist treacherous acts of the present South Korean authorities, who follow outside forces.

This shows that the South Korean ruling quarters are conniving at foreign criminals as extraterritorial beings, subjected to the South Korea-U.S. "Status of Forces Agreement", an inequitable treaty.

The South Korean puppets do not take a lawful deal with foreign criminals including U.S. soldiers but set them free as demanded by their masters. This reveals their true colors as stooges of foreign forces and traitors to the nation.

With such a flunkeyist treacherous "regime" as the present one left alone in South Korea, the crimes of U.S. and Japanese gangsters cannot be removed nor can the demand of the South Korean people for independence be realized.

South 'Public Circles' Reject Kwangju Decision

*SK2107045995 Pyongyang KCNA in English
0434 GMT 21 Jul 95*

[FBIS Transcribed Text] Pyongyang, July 21 (KCNA) — Public circles of South Korea are strongly protesting

against the authorities' decision not to prosecute the Kwangju murderers, according to a radio report from Seoul.

The National Alliance for Democracy and Reunification held a press conference on July 19, at which it said it will hold a large rally on July 22 protesting against the authorities' decision not to prosecute those related to the Kwangju massacre, branding it as a crying act.

Some 120 members of organisations related to May 18 entered into a long-term sit-in strike on July 19. Organisations related to May 18, citizens, those who have indicted and filed the chief culprits of the "December 12 coup" and the Kwangju murderers and law circles vowed to fight it out for a probe into the truth behind the case and the punishment of the criminals.

Hundreds of students held a rally for urging prosecution of the criminals and held a protest demonstration.

The opposition Democratic Party in a statement denounced the authorities' decision not to prosecute the murderers as an intolerable anti-democratic and anti-national criminal act which covers up the crimes of those who killed innocent people.

Caricatures Published in South

*SK2007234495 Pyongyang KCNA in English
2208 GMT 20 Jul 95*

["Crimes of South Korean Traitors Exposed" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, July 20 (KCNA) — Recent issues of the South Korean weekly HANGYORE 21 carried caricatures of painter Kwak Yong-kwon denouncing Kim Yong-sam and the main culprits of the Kwangju massacre.

A caricature carried in the May 18 issue of the weekly laid bare Kim Yong-sam's crime in connection with the recent large accidents in South Korea. It also satirically showed that the traitor would be hit to death by a bomb called "local autonomous bodies" which is falling, caught by fire.

Another caricature carried in the May 25 issue of the weekly dealt with a service for the repose of the deceased to denounce the main culprits of the Kwangju massacre and vividly showed the resentment and antagonism of the South Korean people toward the murderers.

Abolition of 'National Security Law' Urged

*SK2107105495 Pyongyang KCNA in English
1040 GMT 21 Jul 95*

[“National Security Law” Must Be Abolished at Once”
— KCNA headline]

[FBIS Transcribed Text] Pyongyang, July 21 (KCNA) — MINJU CHOSON today urges the abolition of South Korea's “National Security Law”. It is natural that the broad public of the world strongly call for the immediate abolition of the fascist law.

The Caribbean and Latin American Solidarity Committee of Political Parties and Fronts Supporting the Struggle of the National Democratic Front of South Korea and the South Korean People recently published a statement urging the abolition of the “National Security Law” and the dissolution of the “Agency for National Security Planning.”

International organizations and foreign governments strongly urged the abolition of the fascist law through appeal, statement, protest letter, etc.

This is a just demand for the democratization of South Korean society and national reunification, a signed commentary of the paper says, and goes on:

The “National Security Law” of South Korea brands North Korea as an “anti-state organization” and blocks all the reunification movements of the South Korean people. It also provides for violation of the elementary freedom and democracy of the South Korean people concerning social independence, democratization and the right to existence.

It is a shame to humankind that such a fascist law exists in the present civilized society.

Our nation and the broad public of the world will never tolerate the existence of the fascist law.

Kim Yong-sam's group must clearly see the reality, behave discreetly and unconditionally abolish the “National Security Law” at once as demanded by the whole nation and the broad public of the world.

Sampoong Collapse Result of ‘Murdering’ Policy

*SK2107005695 Pyongyang Korean Central
Broadcasting Network in Korean
1223 GMT 20 Jul 95*

[NODONG SINMUN 20 July commentary: “Inevitable Outcome of Antipopular Murderous Policy”]

[FBIS Translated Text] According to reports from Seoul, the follow-up actions of the Sampoong department store collapse incident, which occurred on 29 June, have not been settled, even after three weeks. The work

of discovering missing people and digging bodies out still continues.

Since they have dragged out rescue operations, many of the people would have been saved, the number of the diseased is on the increase, totalling more than 460 deaths [sentence as received]. Furthermore, the death toll is expected to increase to more than 600.

Concerning this, the South Korean people from all walks of life, not to mention the families of the injured and missing people, are sorrowful and feel as if their hearts are breaking. At the same time, they cannot repress the indignation and resentment against the authorities' antipopular policy and act of taking human life lightly.

The building, which was built only five years ago, collapsed in a moment, like a sand castle. As the U.S. paper THE LOS ANGELES TIMES exposed, this incident was attributable to the use of inappropriate construction materials; an unreasonably short construction period; and the careless implementation of the project, including the reckless expansion and reconstruction of the building. The incident was also caused by an inappropriate supervision and management system of the puppet administrative authorities and because some money exchanged hands.

What has infuriated people even more is that the department store people and the company that carried out the construction were aware of signs of the collapse of the department store building and held an emergency meeting a few hours before the collapse. However, being engrossed with money-making, they stealthily snuck out and did not attempt to make the customers escape, but instead continued operating the store. As a result, more than 1,600 people were killed or wounded.

Immediately after the incident, a South Korean radio deplored the fact that the cause of the incident could hardly be explained by mere careless and hasty construction and a lack of safety management, and noted that the mishap finally exposed the true aspect of the South Korean society, which fell into extensive irregularities, and corrupt politics of the authorities.

If one reviews the rescue operations following the occurrence of the incident, the cause of the incident becomes even clearer.

As was known, because of the careless construction by the engineering company and insincere supervision and management by authorities, the department store suddenly collapsed. As a result, a great number of people were buried under the building's destroyed walls and debris, and were struggling for survival at the crossroads of life and death. This being the situation, the South Korean authorities should have deservedly

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carried out the rescue operations the night following the incident by treasuring human life by mobilizing necessary manpower and material means. Nevertheless, they merely asked the residents to send bread and milk as they are needed for rescue work and to support with batteries, lamps and the like. Thus, they remained helpless onlookers and merely repeated whimpers.

Whenever they made remarks, they talked about their so-called economic growth. Nevertheless, they asked residents to offer such insignificant materials, claiming that they were needed for rescue operations. Is this reasonable? All this is a trick to evade the responsibility for an enormous mishap and to conceal their repressive policy. This also showed that the Kim Jong-sam regime is a corrupt and incompetent group incapable of settling a department store collapse incident.

When they carried out the rescue operations, the South Korean rulers lent a deaf ear to the tearful requests of families of the victims. Moreover, claiming that the rescue operations were difficult and dangerous, they slackened their efforts and remained idle.

If they had originally been firm with a position to save the victims, there would have been a way. If rescue personnel had cut through and entered the concrete rubble from a few points, they could have saved many people confined for one or two days in the first, second, and third basements. What they attempted, however, was to install an inefficient sound detector and an endoscope and gave up the work halfway for fear of possible further collapse. As the rescue operations dragged on, those who could have survived, all died.

It is no accident that, quoting an expert's remarks that about 10 percent of the bodies located as of 14 July must have been alive and awaiting rescue three or four days before the 14th, South Korea's Christian Broadcasting Service insisted that failing to abide by the rescue principle of pointing to correct spots and of intensive rescue operations resulted in this.

On 19 July, as late as three weeks after the accident, like a doctor after death, the Kim Jong-sam ring proclaimed the site a special disaster area and that the government budget would be spent to cope with the disaster. Compelled by the families of missing victims who requested swift rescue operations, the puppet prime minister released a so-called special statement on 12 July, saying that the government would commit more personnel and budget to the work of saving survivors and discovering bodies.

It was of no use to take such a measure, which was like locking the barn door after the horse is stolen. Facts show that the collapse of the Sampoong department

store is utterly an outcome of the antipeople murdering policy of the Kim Jong-sam regime, as well as an inevitable result of the U.S. colonial subordination policy on South Korea. Corrupt politics led to the collapse of the department store and the death of a large number of people.

Moreover, what cannot be overlooked is the fact that some ignominious guys are asking the young man and woman who were dramatically saved after more than 10 days of moaning with pain under the debris and rubble of the collapsed building, to serve as models for commercials for their enterprises. How can they as human beings ask such a thing? This is a disgrace to human beings and a mockery to the families of victims and the missing. This can be regarded as a microcosm of South Korean society corrupted by mammonism that places money above man.

The Italian paper LIBERAZIONE stated that a series of large accidents in South Korea is a natural result of the authorities' antipeople policy and that the collapse of the department store, which occurred as the civilian ruling group's roots were shaken by a dismal failure in the recent local elections, will likely hasten the ruling group's end.

In conclusion, the politics of the Kim Jong-sam group with a civilian mask is utterly evil politics which has no signs of benevolence. The South Korean people should dearly account this and should let the governors, who only bring them misfortune and disasters with a peerless murdering policy, be made to pay dearly for their crime.

Mun Ik-hwan's Widow Visits King Tongmyong Tomb

SK2107102795 Pyongyang KCNA in English
1017 GMT 21 Jul 95

[FBIS Transcribed Text] Pyongyang, July 21 (KCNA) — Presbyter Pak Yong-kil, widow of Rev. Mun Ik-hwan, chairperson of the 70 Million Korean People's Meeting for Embracing National Unification and co-chairperson of the Family Movement for Realizing Democracy in South Korea, visited the tomb of King Tongmyong on July 20.

She was accompanied by a Japan-resident Korean Chong Kyong-mo, representative of the magazine SSIALUI HIM.

She went round relics with deep interest, being briefed on the fact that the tomb of King Tongmyong, the founder of Koguryo, has been rebuilt well as a national treasure.

After visiting the tomb, she wrote in a visitor's book.

Successful Reunification Festival Urged

*SK2107101195 Pyongyang KCNA in English
1005 GMT 21 Jul 95*

[FBIS Transcribed Text] Pyongyang, July 21 (KCNA) — The Central Committee of the League of Socialist Working Youth of Korea [LSWYK] Thursday [20 July] sent a letter to South Korea's Council of Democratic Youth Organizations concerning the successful holding of a Grand National Reunification Festival marking the 50th anniversary of the country's liberation slated for mid-August.

The letter said the passionate youths of Korea must unite closely, whether in the North, the South or abroad, and take the lead in the struggle for smashing the anti-reunification moves of the separatists and successfully holding the festival.

It expressed the hope that an emotion-charged meeting between youths in the North and the South will be realised on August 15 this year without fail through a valiant struggle to open up a decisive phase of national reunification.

Japan's Defense Paper on North Denounced**Destabilizing to East Asia**

*SK2107045095 Pyongyang KCNA in English
0445 GMT 21 Jul 95*

[**"Anachronistic Hostile Policy Against DPRK"** — KCNA headline]

[FBIS Transcribed Text] Pyongyang, July 21 (KCNA) — The Defence Agency of Japan in the "White Paper on Defence" for 1995 seriously got on the nerves of the DPRK, branding it as "a major factor" destabilising the situation in the whole of East Asia. It took "North Korea's development of nuclear weapons, ballistic missiles and possible possession of biochemical weapons" for example, according to reports.

The false rumor continuously spread by Japan about "threat from North Korea" is aimed at justifying its manoeuvres for nuclear armament and military power, which are protested and rejected worldwide, and inventing a pretext to realize the wild ambition to reinvoke the Korean peninsula at any cost.

It has been widely known to the world that Japan is putting spurs to nuclear armament and military power while stockpiling a large amount of plutonium and ceaselessly increasing military spendings.

It is, however, ridiculous for Japan to continue circulating the fictitious "nuclear problem of the DPRK".

Japan, which styles itself shrewd, is resorting to a sinister act seriously getting on the nerves of the DPRK, the dialogue partner. Its short sight fully reveals its political stupidity.

Japan must act with discretion, clearly seeing that its anachronistic hostile policy against the DPRK would have a bad influence on the improvement of the DPRK-Japan relations.

Called 'Outrageous'

*SK2107050195 Pyongyang KCNA in English
0452 GMT 21 Jul 95*

[**"NODONG SINMUN on 'White Paper on Defence' of Japanese Defence Agency"** — KCNA headline]

[FBIS Transcribed Text] Pyongyang, July 21 (KCNA) — The Japanese Defence Agency in a recently published "White Paper on Defence" for 1995 branded the Democratic People's Republic of Korea as the "first target" under the pretext of its "nuclear development," "development of ballistic missiles" and "possible possession of biochemical weapons."

In a signed commentary titled "Confrontation Will Produce Bad Results", NODONG SINMUN today says:

It is outrageous of Japan to say this and that about the DPRK.

The DPRK regards independence, peace and friendship as its invariable foreign policy. What it wants is to maintain peaceful and friendly relations with the Japanese people. It is none other than Japan that is posing threat to the DPRK.

In actuality, Japan takes the DPRK as the first target of its aggression and is pushing ahead with its preparations.

It is an invariable intention of the Japanese reactionaries to start their overseas expansion on the Korean peninsula. They need a pretext for this.

As is well known, the DPRK-U.S. framework agreement on the nuclear issue has been adopted and it is now being implemented. This notwithstanding, the Japanese reactionaries are inciting confrontation with the DPRK, raising one issue after another. This is aimed at making a pretext for realising their wild ambition for reinvasion on the Korean peninsula.

We take a serious view of this fact.

The peoples of the DPRK and Japan do not want Korea and Japan to remain "near and faraway countries" for an indefinite period.

What the two peoples want is the improvement of relations between the two countries.

After the four-party agreement on the resumption of the DPRK-Japan talks was adopted, voices demanding the improvement of the DPRK-Japan relations are rising higher at home and abroad. If they take the road of inciting confrontation at this time, it will have an unfavourable effect on the improvement of the DPRK-Japan relations.

The further the confrontation between the DPRK and Japan is deepened and the further the DPRK-Japan relations are aggravated, the worse situation Japan will be in. But the DPRK will have nothing to lose.

The Japanese authorities would be well advised to look straight at the situation and act with discretion.

Kang Song-san Congratulates Thai Prime Minister
SK2107110695 Pyongyang KCNA in English
1054 GMT 21 Jul 95

[FBIS Transcribed Text] Pyongyang, July 21 (KCNA) — Kang Song-san, premier of the Administration Council of the Democratic People's Republic of Korea, sent a message of greetings to Banharn Silapa-archa upon his appointment as prime minister of Thailand.

The message wished him success in the performance of his new duty and expressed the belief that the friendly and cooperative relations between the two countries would continue to develop on good terms.

Kim Chong-il Receives Messages From Abroad

Receives Letters

SK2107002395 Pyongyang KCNA in English
2202 GMT 20 Jul 95

[Spelling of all names as received]

[FBIS Transcribed Text] Pyongyang, July 20 (KCNA) — The great leader Comrade Kim Chong-il received telegrams and letters from foreign countries and international organisations on the first anniversary of the death of the great leader President Kim Il-song.

Among them are Wataru Kubo, secretary general of the Japan Social Democratic Party; Yukio Hatoyama, secretary general of the Japan New Party Sakigake and member of the House of Representatives; Secretary General Ichiro Ozawa and deputy leader Koshiro Ishita of the Shinshinto Party of Japan; Kogen Nosaka, minister of construction of Japan and member of the House of Representatives; Makoto Tanabe, former chairman of the Japan Social Democratic Party; Vishwanath, secretary general of the "International Kim Il-song Prize" Council and secretary general of the Chuche Idea Study Society of India; Debkumar Ganguli, secretary for the Asia-Pacific region of the World Federation of Trade

Unions; Salim A. Salim, secretary general of the Organisation of African Unity; and other high-ranking officials of political, public, military and business circles and prominent figures of science, education, culture and art, public health and the press and citizens of Nepal, Lebanon, Bangladesh, Syria, Pakistan, Iran, India, Japan, Ghana, Guinea, Madagascar, Senegal, Togo, Angola, Uganda, Norway, Luxembourg, Malta, France, Kazakhstan, Britain, Ukraine, Uzbekistan, Italy and the United States.

The telegrams and letters said that the life of President Kim Il-song was the glorious and brilliant life of the greatest of great men who recorded the most brilliant chapter in human history, and noted that he will be immortal with the undying revolutionary feats performed by him for the era and history.

They stressed that the socialist cause and the cause of global independence will certainly emerge victorious as respected Comrade Kim Chong-il with all personalities and qualities as a great leader is leading the Korean people and the world's revolutionary people to a brighter future.

Receives Telegrams

SK2107045895 Pyongyang KCNA in English
0431 GMT 21 Jul 95

[All names as received]

[FBIS Transcribed Text] Pyongyang, July 21 (KCNA) — The great leader Comrade Kim Chong-il received telegrams from foreign party leaders on the first anniversary of the death of the great leader President Kim Il-song.

Among them are Ngoy Nduba, secretary general of the Lumumba Democratic Party of Zaire; Alvaro Vasquez Del Real, general secretary of the Central Committee of the Communist Party of Colombia; Preben Moller Hansen, chairman of the Danish Workers' Party, Common Cause; Vladimir Dado, chairman of the Slovak Communist Party; Zbigniew Wiktor, chairman of the National Executive Committee of the Polish League of Communists "Proletariat"; Carlos Dias Da Graca, general secretary of the Liberation Movement of Sao Tome and Principe-Social Democratic Party; Juan Ramos, general secretary of the Central Committee of the Communist Party of the Peoples of Spain; Branko Kitanovic, general secretary of the New Yugoslav Communist Movement; Miroslav Stepan, general secretary of the Central Committee of the Czechoslovak Communist Party; Leonel Mario Da Alva, chairman of the Democratic Convergence Party and Reflexion Group of Sao Tome and Principe; Tan Sri Dato' Chan Choong Tak,

secretary general of the Malaysian People's Movement; and Raul Kampanella, general secretary of the Workers' Revolutionary Party of Uruguay.

The telegrams expressed deep condolence to Comrade Kim Chong-il on the first anniversary of the death of President Kim Il-song.

They said Comrade Kim Il-song was an elder of the international communist movement and the national liberation movement.

Noting with pleasure that Comrade Kim Chong-il is carrying forward the revolutionary cause of President Kim Il-song, the telegrams wished him fresh success in the work for the worldwide victory of the chuche revolution.

Comrade Kim Chong-il received telegrams from the Political Executive Committee of the Socialist Party of Kazakhstan and the Central Committee of the Yemen Socialist Party.

Observance of Kim Il-song Death Continues

Posters Published in Seoul

SK2107102295 Pyongyang KCNA in English
1012 GMT 21 Jul 95

[FBIS Transcribed Text] Pyongyang, July 21 (KCNA) — Organisations in Seoul, South Korea, published memorial wallpapers on July 6 on the first anniversary of the death of the great leader President Kim Il-song, according to Seoul-based radio Voice of National Salvation quoting an information of the Seoul City Committee of the National Democratic Front of South Korea.

A wallpaper which was published in the name of the April 15 Fellowship Society printed articles headlined "Sincerely Praying for the Soul of President Kim Il-song, a Peerless Patriot," "80 Odd Years of President Kim Il-song," and "Let Us Uphold President Kim Il-song Till the End of the Sun and the Moon" and three other articles with a picture of the great president with a broad smile as bright as the sun against the background of "Kumsusan Memorial Palace" under the blockletter title "The Death Day of President Kim Il-song Is a Memorial Day Common to the Nation".

A wallpaper which was published in the name of the February 16 society carried the letters "Sincerely praying for the soul of President Kim Il-song" and articles headlined "The Eternal Sun of the Nation," "The Immortal Feats of the Fatherly Leader Will Shine For All Ages," "President Kim Il-song Is Still Standing in the Van of the Reunification Movement" and five other articles under the bannerline title "President Kim Il-song

Is Always With Us" flanked by pictures of famous Mt. Paektu and Chong-il Peak.

A wallpaper was published in the name of the Society of Independence. It edited articles titled "President Kim Il-song Is a Distinguished Thinker and Theoretician Who Founded the Chuche Idea Representing the Era," "President Kim Il-song Is Preserved in State in Kumsusan Memorial Palace" and "It Is the Will of the Fellow Countrymen To Hold in High Esteem President Kim Il-song, a Peerless Great Man, for All Ages" and two other articles against the background of the rays of the red sun and the Tower of the Chuche Idea under the blockletter title "President Kim Il-song will be immortal in the hearts of the 70 million fellow countrymen".

According to the information, the Patriotic Youth Society for Reunification, the Saeppyl Comrades-in-Arms Society, the Paektu Society, the Hyangil Society, the Taeyang Society, the Hana Society and other organisations published memorial wallpapers on the first anniversary of the death of President Kim Il-song on the same day, drawing attention of the people.

South Holds Memorial Services

SK2107103195 Pyongyang KCNA in English
1025 GMT 21 Jul 95

[FBIS Transcribed Text] Pyongyang, July 21 (KCNA) — The Central Committee of the National Democratic Front of South Korea (NDFSK) published an information on memorial services, lectures, symposiums and other memorial functions held across South Korea on the first anniversary of the death of the great leader President Kim Il-song, according to radio Voice of National Salvation from Seoul.

According to the information, memorial services for Comrade Kim Il-song were solemnly held by the Central Committee of the NDFSK and organisations at all levels under it on the first anniversary of his death.

Portraits of Comrade Kim Il-song who is immortal as the sun of all the people were hung at the memorial service places and floral baskets were laid before them.

Those present observed a moment's silence praying for the soul of Comrade Kim Il-song who devoted his whole life to the country and the fellow countrymen, with deep yearning and reverence for him.

Memorial addresses were made at the services.

Letters of loyal pledge to the great leader Comrade Kim Chong-il, the destiny and future of the nation and heaven, were adopted at the services, reflecting the unanimous will of loyalty and filial piety of the

vanguard fighters of the NDFSK and patriotic people from all walks of life.

Lectures and symposiums were held by the Central Committee of the NDFSK, the Seoul City Committee and all the provincial and city committees of the NDFSK and its affiliated organisations and fighting organisations from July 1 to 10.

The Seoul City Committee of the NDFSK and organisations at all levels held meetings to see video taped films "The Great Life in 1994" and "The Great Leader Comrade Kim Il-song Is Immortal" and to listen to the recorded Radio Pyongyang broadcast on the national memorial service and the ceremony for opening to the public "Kumsusan Memorial Palace" held in Pyongyang. The meetings were held from July 7 in the teeth of the intensified suppression by the fascist authorities.

Workers, farmers, students and other patriotic people and dissidents who are looking up to Comrade Kim Il-song as the sun of the nation also held memorial functions and sincerely prayed for his soul.

Anniversary Observed Overseas

**SK210704195 Pyongyang KCNA in English
1035 GMT 21 Jul 95**

[FBIS Transcribed Text] Pyongyang, July 21 (KCNA) — Seminars, lecture meetings, explanatory meetings and reading sessions on the immortal revolutionary exploits of the great leader President Kim Il-song were held in Guinea, Egypt, Guyana, Italy, Pakistan, Mongolia, Mexico, Laos and Thailand, on the occasion of the first anniversary of his death.

Present at the meetings were political and public figures and men of the press, adherents of the chuche idea and students of these countries.

The participants paid a silent tribute to the memory of President Kim Il-song.

Speakers at the meetings said that the great leader Comrade Kim Il-song had energetically worked for the prosperity of the country, the freedom and happiness of the people, global independence to the last moment of his life.

They emphasized that the respected leader Comrade Kim Il-song will be immortal, revered and praised by the world people for all ages for his great imperishable revolutionary exploits which any statesman, militarist or revolutionary has never performed.

Meanwhile, on the same occasion, Korean book, photo and handiwork exhibitions, film shows and press conferences took place in Cuba, Nigeria, Zambia, Romania,

Sweden, Angola, Pakistan, Yugoslavia, Italy, Guyana, Ghana, Togo, Russia, Ethiopia, Guinea, Egypt, Tanzania, Singapore, Czech, Jordan, Yemen, Cambodia, Syria, Finland, Equatorial Guinea, Bulgaria and UN Secretariat in Geneva.

On display at the exhibition halls were famous works of President Kim Il-song and Comrade Kim Chong-il, Korean books, and pictures and handiworks showing the great achievements of the Korean people in the revolution and construction.

PRC Group Visits Kumsusan

**SK2107043995 Pyongyang KCNA in English
0425 GMT 21 Jul 95**

[FBIS Transcribed Text] Pyongyang, July 21 (KCNA) — A delegation of the International Liaison Department of the Central Committee of the Communist Party of China led by its deputy head Liu Jingqin on July 20 visited "Kumsusan Memorial Palace" where the great leader President Kim Il-song is preserved in state and paid homage to him.

The guests made sincere bows to President Kim Il-song who is preserved in state.

The head of the delegation wrote in a visitor's book that they deeply remember Comrade Kim Il-song, the great leader of the Korean people and a close friend of the Chinese people. He added: I wish the traditional Sino-Korean friendship will shine long for all ages.

Russian Publishes Poem

**SK2107002495 Pyongyang KCNA in English
2220 GMT 20 Jul 95**

[FBIS Transcribed Text] Pyongyang, July 20 (KCNA) — Aleksandr Brezhnev, a writer of Russia, published a poem "March for Eternal Life of Kim Il-song" on the first death anniversary of the great leader President Kim Il-song.

The long poem says that though Comrade Kim Il-song passed away, his idea and exploits will be alive forever in the hearts of the Korean people and the world people.

On July 8, 1994 mourning ceremonies were held in different parts of the world as well as Korea and even mountains, streams, plants and trees burst out crying at the sad news of the death of Comrade Kim Il-song, says the poem and adds:

Comrade Kim Il-song was born at a straw thatched house in Mangyongdae and led Korea to victory and freedom through a protracted struggle for liberation of the nation and gave happiness to the Korean people,

regarding "believing in the people as in heaven" as his maxim and always finding himself among them.

Even if everything on the earth is dead and the earth is broken Comrade Kim Il-song, a peerless great man of Korea and leader of chuche, as well as his great idea and immortal exploits will be commemorated in all parts of Korea and the world.

The poem stresses that the future of Korea will be bright as the great leader Comrade Kim Chong-il is successfully accomplishing the revolutionary cause of Comrade Kim Il-song.

People Urged To Remember Kim Il-song

*SK2107105895 Pyongyang KCNA in English
1053 GMT 21 Jul 95*

[*"Looking Up to Eternal Sun" — KCNA headline*]

[FBIS Transcribed Text] Pyongyang, July 21 (KCNA) — The minds of people of the whole country and the world are focussing on the Kumsusan Memorial Palace in which the great leader Comrade Kim Il-song is preserved in state and the avenue leading to the supreme holy land of chuche is crowded with waves of people. In this connection, NODONG SINMUN today runs a political essay headlined "Looking Up to the Eternal Sun."

The author of the political essay says that an endless stream of people is flowing to this palace with longing for the fatherly leader, their hearts burning with the faith to hold him in high esteem as the eternal sun generation after generation.

It quotes the great leader Comrade Kim Chong-il as saying:

"The great leader Comrade Kim Il-song was precisely the sun of chuche who brightly illuminates the road to be followed by humankind. Although his heart stopped beating, he will be alive forever in the hearts of the revolutionary peoples of the world as the sun of chuche."

People say with tears in their eyes, making a deep bow to the fatherly leader preserved in state:

"Fatherly leader, rest in peace. Now, we are implementing your behests to the letter.

"We feel reassured at the thought that you, along with respected general Kim Chong-il, lead and take good care of us as yet."

Comrade Kim Il-song always led us and gave us inexhaustible strength and courage. This bosom was as warm as the sun.

Comrade Kim Il-song is the eternal symbol of all our victories and glory. His thoughts and faith, his

revolutionary spirit and leadership method, all his great traits and noble virtues are rays and favours of the great sun that is adding glory to us, the Kim Il-song nation, forever.

Comrade Kim Il-song is immortal thanks to Comrade Kim Chong-il.

But for a great heir, the great leader will not enjoy immortality, the political essay says, and continues:

Comrade Kim Chong-il creditably carried out the historical mission to preserve the great leader in state with the highest loyalty, devotion and virtue ever in human history.

This undying feat holds a distinguished place in the exploits of the respected general in performing the most important task of the modern times on the highest level, taking the destiny of humankind on his shoulder.

This exploit performed by our general at a time when the 21st century is about to set in will be handed down to posterity as it helped toward firmly defending and realising the cause of global independence and as it made a historical contribution to humankind.

Our people and humankind will constantly visit the supreme holy land of chuche, harden their faith and advance along the road of chuche, the road of independence indicated by him, looking up to him forever.

Senior Officials Visit Bier of Kim Pong-yul

*SK2107050095 Pyongyang KCNA in English
0441 GMT 21 Jul 95*

[FBIS Transcribed Text] Pyongyang, July 21 (KCNA) — Senior officials of the party and Armed Forces organs, officials of different organs and officers and men of the Korean People's Army [KPA] on July 20 visited the bier of vice marshal of the KPA Kim Pong-yul, member of the Central Committee of the Workers' Party of Korea [WPK], member of the National Defence Commission of the DPRK and vice-minister of the People's Armed Forces, and expressed deep condolences over his death.

Laid before the bier was a wreath sent by the great leader Comrade Kim Chong-il, chairman of the National Defence Commission of the Democratic People's Republic of Korea and supreme commander of the Korean People's Army.

Also laid before it were wreaths sent by the WPK Central Committee, the party Central Military Commission, the National Defence Commission of the DPRK, the Central People's Committee and the Administration Council [AC] of the DPRK, the Ministry of the People's

Armed Forces, commissions and ministries of the AC, Pyongyang municipal party, administration and economy organs, units of the KPA and military academies of the KPA.

Choe Kwang, member of the Political Bureau of the WPK Central Committee, vice-chairman of the DPRK National Defence Commission and chief of the general staff of the KPA; Kim Chol-man, alternate member of the Political Bureau of the WPK Central Committee; vice marshals of the KPA Yi Ul-sol, Paek Hak-nim, Kim Kwang-chin and Kim Ik-hyon; and Kim Ki-nam, secretary of the WPK Central Committee, visited the bier of the deceased. Meanwhile, the diplomatic corps and military attaches corps here visited the Sojang Club where the body of the deceased is laid in state, and expressed condolences.

Condolences Paid

*SK2107053995 Pyongyang Korean Central Broadcasting Network in Korean
0100 GMT 21 Jul 95*

[FBIS Translated Excerpt] On the occasion of the passing of Comrade Kim Pong-yul, member of the Workers Party of Korea [WPK] Central Committee, member of the DPRK National Defense Commission, and vice minister of the People's Armed Forces, the cadres of the party and power organs, functionaries of the organizations of various levels, and officers and men of the Korean People's Army [KPA] on 20 July visited the bier of the deceased to convey deep condolences.

The wreath sent by Comrade Kim Chong-il, the great leader of our party and our people, chairman of the DPRK National Defense Commission, and supreme commander of the KPA, was laid beside the casket. [passage omitted]

Visiting the bier to express condolences were Comrade Choe Kwang, member of the Political Bureau of the WPK Central Committee, vice chairman of the DPRK National Defense Commission, and chief of the general staff of the KPA; Comrade Kim Chol-man, alternate member of the Political Bureau of the WPK Central Committee; Comrade Yi Ul-sol, Comrade Paek Hak-nim, Comrade Kim Kwang-chin, and Comrade Kim Ik-hyon, who are vice marshals of the KPA; Comrade Kim Ki-nam, secretary of the WPK Central Committee; members of the WPK Central Military Commission, members of the DPRK National Defense Commission, functionaries of the party, power organs, and administrative and economic organizations, and officers and men of the People's Army. [passage omitted]

National Unity Guarantee for Reunification

*SK2107105195 Pyongyang KCNA in English
1045 GMT 21 Jul 95*

[*"Great National Unity, Fundamental Guarantee for Reunification in 90s" — KCNA headline*]

[FBIS Transcribed Text] Pyongyang, July 21 (KCNA) — To achieve the great unity of our nation, the driving force of national reunification, is a decisive guarantee for the independent and peaceful reunification of the country, declares NODONG SINMUN in a by-lined article today.

What is important in achieving the great unity of the nation at the present juncture is to fully implement "10-Point Programme of the Great Unity of the Whole Nation for the Reunification of the Country" advanced by the great leader President Kim Il-song, the author of the article says, and continues:

This programme is a great reunification one which indicates the shortest cut to the reunification in the 1990s.

The Grand National Reunification Festival celebrating the 50th anniversary of national liberation which will be attended by all the people from political parties, groupings and social strata in the North, the South and overseas around August 15 this year has particular importance in dispelling misunderstanding and mistrust within the nation and achieving national reconciliation and unity. This festival is a gathering for nationwide dialogue which will pool the minds of all segments of people in the North, the South and overseas who aspire after reunification. This will become a grand plaza of national reconciliation, unity and reunification, the first of its kind in the history of the national reunification movement spanning half a century. All the fellow countrymen must successfully hold this festival of August 15 at any cost by smashing obstructive moves of the splittists at home and abroad, thus making a new turning-point in national reconciliation and unity and opening up a new phase in achieving the reunification in the 90s.

In order to achieve the great national unity, it is imperative to strengthen nationwide solidarity and briskly conduct a joint action in the struggle for national reunification.

Ultimate Solution of Rural Question Urged

*SK1907120795 Pyongyang MINJU CHOSON
in Korean 22 Jun 95 p 2*

[Article by Hyon Kwi-nyo: "Militant Banner That Gives Impetus to the Implementation of the Rural Thesis"]

[FBIS Translated Text] This year marks the fifth anniversary of the announcement of the great leader Comrade Kim Il-song's historic work "Let Us Thoroughly Implement the Thesis on the Socialist Rural Question."

The work, which was announced at a time when the entire country was seething with the struggle to create "speed in the 1990's," is a programmatic guiding principle to further develop socialist rural construction onto a higher level and to cement the material and technical foundation of our country's rural economy and a militant banner that should be firmly grasped by our functionaries and working people in their struggle to implement the rural thesis.

All questions arising regarding intensifying the rural technical revolution and the work to improve the peasants' standard of living, which have been set forth in the thesis as important tasks, and concrete ways to solve these questions are comprehensively expounded in the work.

With the announcement of the work, our people have come to possess a weapon with which they can triumphantly carry out the strategic task set forth in the rural thesis and vigorously accelerate the socialist rural construction with a clear target, brimming with firm confidence and optimism.

The great leader Comrade Kim Il-song taught: "Our party has long ago indicated the right course of the socialist rural construction in the thesis on the socialist rural question and explicitly expounded a correct road to communism."

The rural question occupies a very important position in realizing the popular masses' cause of independence and socialism.

The rural question is a question of key importance for improving the peasants' social and economic position as an ally of the working class and a significant question for preparing social and economic conditions for the endless development of agriculture, one of the two sectors of the national economy. Finding solutions to the rural question is a long, drawn out, very complex, and difficult task because of the social and economic characteristics of rural communities and their age-old backwardness. The success of the revolution depends on how the task is carried forth.

Finding an ultimate solution to the rural question under socialism is a significant question concerned with the prospect of the revolution. Only when we ultimately solve the rural question by accelerating the rural construction, can the revolution vigorously march ahead; the complete victory of socialism be achieved; the superiority and indestructibility of socialism be displayed; and can the attraction of socialism be increased.

"The Thesis on Our Country's Socialist Rural Question" is our party's program of building socialist rural communities, which is an embodiment of the chuché idea. The thesis provides a scientific elucidation of the direction, basic principles, and fundamental methods of solving the socialist rural question under socialism. When we highly uphold the rural thesis, the most correct guiding principle in solving the socialist rural question, and thoroughly implement the tasks set forth in the thesis, the differences between urban and rural communities and between working class and peasantry can be ultimately eliminated and the complete victory of socialism can be achieved.

Our country has set forth the ultimate solution of the rural question as a major strategic task in building socialism and vigorously waged the struggle to realize the tasks set forth in the rural thesis, thus achieving great success in rural construction. Under the wise leadership of the party, the three revolutions—ideological, technical, and cultural—have been powerfully pushed ahead, and guidance of the working class to the peasantry, industry's assistance to agriculture and the support given by the towns to the countryside have been strengthened. As a result, a fundamental change has taken place in ideological and spiritual features of agricultural working people and the modernization and industrialization of agriculture have been expedited, better equipping the countryside in a modern style. By enhancing the role of a county, many counties are now carrying out its economy with their own strength. Thanks to all the successes achieved on the road to implementing the rural thesis, the looks of rural areas have changed beyond recognition and the rural economic system has been further consolidated. This clearly proves the superiority of the socialist collective economy and the indestructible vitality of the rural thesis, which has struck deep roots in the countryside.

Because the work elucidates the tasks and ways to further expand, develop, and consolidate all the successes achieved in the process of implementing the rural thesis, it has a great ideological and practical significance in accelerating the overall socialist cause and ultimately solving the rural question.

The significance of the work, above all, lies in expediting the development of agricultural productive forces based on modern machinery technology by powerfully waging the rural technical revolution.

The development of a material and technical foundation is the prerequisite to the development of productive forces, and the rural technical revolution is a fundamental guarantee for strengthening agriculture's material and technical foundations. When we realize the works of irrigation, electrification, mechanization of agriculture, and chemical application in farming, the backwardness of rural communities in the technical sector can be eliminated, the industrialization and modernization of agriculture can be realized, and agricultural productive forces can be increased.

The rural technical revolution is the primary task set forth in the rural thesis and a firm guarantee to achieve rapid development of agricultural productive forces.

What is important in completing the rural technical revolution is realizing the four major tasks of the rural technical revolution—irrigation, electrification, mechanization of agriculture, and extensive chemical application in farming. When the four major tasks are realized, farmers can be freed from difficult and exhausting work and can yield a high and safe harvest in farming under any climatic and soil conditions.

The work has set forth tasks and ways to realize these four major tasks of the rural technical revolution at a higher level. The tasks and ways set forth in the work include the issues of completing the construction of waterways; maintaining and repairing newly built waterways; preparing sprinkler irrigation systems; increasing the area each farmer tills by realizing the general mechanization of the rural economy by doing all farming work with machines; and actively pushing ahead with various works to increase the output of agricultural products, such as weeding and producing compost, by putting great energy in the production of fertilizer and agricultural chemicals. These are a guarantee for smoothly realizing the four major tasks of the rural technical revolution in conformity with the realistic demand of our country's rural economy.

The ideas set forth in the work are demonstrating great vitality, being embodied in today's reality. The tasks of irrigation and electrification, which have already been completed, are implemented at a higher stage and the tasks of introducing machinery and chemicals in agriculture are also being realized. By realizing irrigation, electrification, and the introduction of machinery and chemicals in agriculture, the historic task of the rural technical revolution set forth in the socialist rural thesis has been basically completed. Thereby, the firm techni-

cal and material foundation for increasing agricultural production by freeing the farmers from difficult and exhausting work by industrializing and modernizing agriculture with their own efforts and technology has been prepared.

The significance of the work also lies in its active encouragement of the struggle to eliminate the gap between urban and rural areas by improving the farmers' living conditions.

To eliminate the gap between urban and rural areas is an important question that has principle significance in socialist, communist construction. Farmers must enjoy abundant and civilized material lives like urban residents to realize their demand for independence, befitting their position as the masters of the socialist society in which the working popular masses are the masters of the state and society.

The socialist rural thesis presents an important task—to change the old appearance of rural areas, expel various outdated living styles and customs, and make rural life civilized and hygienic to improve the farmers' living conditions.

In order to eliminate the gap between urban and rural lives as the rural thesis elucidates, it is necessary to supply rural areas with electricity, tap water, buses, a central heating system, and gas.

The work elucidates tasks and methods to further improve the farmers' living conditions in conformity with reality, in which the work of supplying electricity to rural areas has already been completed and the work of supplying tap water and buses has almost been completed. The work specifies various tasks to prepare civilized living conditions for farmers, including tasks to consolidate the supply of electricity, to complete the ongoing work of supplying tap water and buses, and to realize the supply of central heating systems and gas to houses in rural areas. The work presents the following methods to accomplish these tasks: increasing bus production, introducing super boilers to rural areas to ensure central heating systems, supplying methane gas to rural areas, and enhancing the responsibility and role of functionaries at state economic organizations. When the tasks presented by the work are thoroughly implemented, a fundamental change will be made in our farmers' social and economic state and rural areas will resemble cities.

Today, with remarkable improvements in farmers' living conditions, rural areas of our country are changing into more civilized socialist rural communities. Modern houses and cultural welfare facilities have been built at

every corner; tap water, buses, and televisions are supplied; and clinics have been expanded into hospitals. Accordingly, the gap between cities and rural communities has been remarkably narrowed. In addition, central heating systems and gas have been introduced into model rural communities and will be introduced into all rural areas in the near future. Thus, rural communities have the bright future of being further civilized. This proud reality of our socialist rural communities is a valuable result of the struggle to implement the rural thesis in a way elucidated by the work.

Indeed, the great work of the great leader Comrade Kim Il-song, "Let Us Thoroughly Implement the Thesis on the Socialist Rural Question," is a banner of encouragement that vigorously arouses functionaries and working people to implement the tasks presented by the rural thesis.

All functionaries and working people should more vigorously carry out the struggle to implement the tasks presented by the work and tenaciously do this year's farming in accordance with the chuche farming method to glorify the 50th founding anniversary of the party with a bumper crop.

Pyongyang Residents Moving to Countryside

SK2107114695

[FBIS Editorial Report] The following is a compilation of reports carried by Pyongyang Korean Central Television Network in Korean from 16 to 17 July on Pyongyang residents "voluntarily venturing" to farms.

At 1100 GMT on 16 July, Pyongyang TV carries a two-minute report in which the announcer states: "Upholding the slogans of the party Central Committee that call on the entire party, all the people, and the entire army to give active material and technical assistance to socialist rural areas, many party members, workers, and youth are voluntarily venturing to rural areas. Not long ago, Ham Ri-chun, a worker at (?a shoe store) in Taedonggang District, and his family voluntarily ventured to the state-run Pyongyang Fruit Farm which is permeated with the fatherly leader's on-the-spot guidance." In the report, Ham Ri-chun says: "Not only my family, but also my six siblings vowed to strike our roots deep in rural area and become tractor drivers, thus defending the socialist rural areas."

At 1100 GMT on 17 July, Pyongyang TV carries an under-one-minute report in which the announcer states: "Not long ago, Cho Kyong-sik, a member of the League of Socialist Working Youth of Korea who worked at the Pyongyang Municipal Research Institute, voluntarily ventured to Wonhwa Cooperative Farm, Pyongwon County." The announcer says Cho Kyong-

sik made a firm resolve to devote himself to increasing rice production.

The television then carries an under-one-minute report that states: "Comrade Kim Cha-yun, a welder for the Pyongyang Service Brigade of Passenger and Freight Trains, also voluntarily ventured to Wonhwa Cooperative Farm in Pyongwon County with his family." Cho made a firm resolve to work hard to bring forth a bumper crop.

Power Ministry, Plants Work To Boost Output

Power Ministry Head Interviewed

SK2007121695 Pyongyang Korean Central Broadcasting Network in Korean
1200 GMT 19 Jul 95

[Interview with Kim Ki-uk, director of the Ministry of Power Industry, by station reporter Kim Sung-kon; place and date not given]

[FBIS Translated Text] Being greatly excited along with our people, whose greatest desire to uphold the great leader [suryongnim] forever and always see him humbly near at hand has come true, all party members and working class under the Ministry of Power Industry are effecting great innovative results in producing electricity.

Comrade Kim Ki-uk, director of the Ministry of Power Industry, was interviewed by station reporter Kim Sung-kon:

[Begin recording] [Kim Sung-kon] All party members and workers under the Ministry of Power Industry are effecting great results in producing electricity, are they not?

[Kim Ki-uk] Yes, they are. With the great excitement in upholding the fatherly leader in the highest place in an eternal state, as we all desired, all party members and working class under the ministry have been effecting new innovative results in power production. All functionaries at the Ministry of Power Industry go down to the plants to encourage power producers by setting practical examples, and tenaciously organizing and supervising power production, thus guaranteeing that power-generating facilities operate at full capacity.

The working class at the 17 March Power Complex overfulfilled the June plan at 100.1 percent. Unsatisfied with the result, however, they are now overfulfilling power production at 116 percent daily by operating generators and all other power generating facilities at full capacity and by properly managing technology and repairing facilities.

With the same spirit as was displayed in overfilling the June plan, power producers at the Hochongang Power Plant are also operating generating facilities at full capacity with great revolutionary zeal and determination.

The working class at all hydroelectric plants, including the Taechon Hydroelectric Power Complex and the Changjin-gang, Supung, and Namgang Power Plants, are also achieving great results in power production by gathering all their wisdom and strength, being deeply aware of the significance of increasing electricity production in developing the national economy. They introduced various technological innovations and reasonable methods, such as improving water mill efficiency and the reasonable distribution of loads to generators, and are producing more electricity than before with the same amount of water.

We will repay the warm love of the great leader [yongdoja] Comrade Kim Chong-il, who has realized our unanimous desire to uphold at the top and follow the fatherly leader courteously and forever, by increasing power production.

Imminently, we will operate all hydroelectric plants at full capacity, taking into account the rainy season, in order to satisfactorily meet the rapidly increasing demand of various sectors of the national economy for electricity. By doing so, we will fulfill our duty as the great leader's [suryongnim] fighters and pupils. [end recording]

Plant Construction Accelerated

*SK1907112195 Pyongyang NODONG SINMUN
in Korean 18 Jun 95 p 3*

[Report by correspondent Kim Chong-min]

[FBIS Translated Text] The great leader Comrade Kim Chong-il has pointed out:

If we build small- and medium-sized power plants everywhere, the nation can produce a large amount of electricity without making great investments and can economize many power transmission cables.

The construction of small- and medium-sized power stations has been accelerated in Taehung County. Setting up a bold goal to produce drastically more electricity than last year in the significant year that marks the 50th anniversary of the party's founding, the county is persistently waging the struggle to build two small- and medium-sized power plants in a short period.

Under the guidance of party organizations, functionaries in the offices that construct small- and medium-sized power stations are going out to areas with favorable

geographic features, carrying out construction of small- and medium-sized power stations in compliance with these areas' characteristic features, and are vigorously inspiring the revolutionary zeal and creative activeness of working people, thus leading difficult and arduous tasks at the vanguard of the masses.

As a result, the speed of the project has been drastically heightened from the beginning of the construction. In response to the heightened spirit of the combatants who rose to construct small- and medium-sized power stations, the county, gave priority to the work of supplying materials and increased the construction forces. Thus, the county established positive measures for all organizations, enterprises and ris [lowest unit of administrative districts] to strengthen the support work for construction sites.

It is not at all easy work to create water levels by diverting waterways to build a power station. However, power station builders are demonstrating heroic exploits in the struggle to detour the water course of Huksu River by highly displaying the revolutionary spirit of self-reliance and arduous struggle. By introducing the advanced tunnelling method, they built a tunnel of several hundred meters long below a cliff and created a waterway tunnel, thus creating a breakthrough in the project.

Not relaxing their spirit, the builders boldly set up the goal of doing filling in with composite materials [honghammul chungjin mokpyo] and are effecting innovations in the filling-up work.

Party members and working people in the lumber complex excavated 1,500 meters of base rocks with their own strength and wisdom by upholding the slogans of the party Central Committee, and based on this, they vigorously accelerated the construction of plant facilities. Thus, they opened a bright prospect for producing a large amount of electricity in a short period of time.

In the wake of the anniversary of the party founding, the builders of small- and medium-sized power plants are filled with passionate zeal to complete the construction of the stations at an early date, and are increasing the speed of construction of plant facilities, including their assembly work.

Tunggong Plant Increases Output

*SK1707080295 Pyongyang Korean Central
Broadcasting Network in Korean
2200 GMT 16 Jul 95*

[FBIS Translated Text] Now, when the country has abundant water supplies, electricity producers at the

Tunggong Power Plant No. 2 in Manpo keep overfulfilling the plant's daily electric power production plan by 120 percent by operating all facilities at full capacity.

By greatly displaying the revolutionary spirit of self-reliance, the electricity producers at the power plant are manufacturing for themselves the extra parts necessary to repair such important facilities as hydraulic turbines, transformers, and distributors, thus contributing to increasing electric power production.

At the same time, they are achieving great results in producing electric power while saving water, thus thoroughly observing the standard operation manual and technical specifications for operating power generating facilities.

South Korea

Companies' Roles in LWR Project Viewed

KEPCO, CE Sign Agreement

SK2107080295 Seoul MUNWHA ILBO in Korean
21 Jul 95 p 1

[By Han Chong-ho]

[FBIS Translated Text] A document has been found following the abrupt dismissal of Yi Pyong-yong, chief of the nuclear power project of the Korea Atomic Energy Research Institute, that supposedly makes it possible for a U.S. nuclear power company to play the central role in the light-water reactor [LWR] project for North Korea. Suspicion is escalating that the demand for using "ROK-style" reactors is on the verge of being dodged.

It has been disclosed that the Korea Electric Power Corporation [KEPCO], the prime contractor of the light-water reactor project for North Korea, and ABB-CE [Combustion Engineering] company of the United States, signed a "memorandum of understanding (MOU) on the joint participation in nuclear energy programs for third countries and North Korea" on 9 March.

According to the document, which was exclusively obtained by MUNHWA ILBO, CE has the right to select a subcontractor (Article 4); the document also assesses the past 10 years of accumulated ROK nuclear energy technology as likely to be useless (preface of Article 7).

Asked about the MOU between KEPCO and ABB-CE, Foreign Minister Kong No-myong said on 21 July: "I do not know of such a memorandum, but as far as I know, the final design contract for the light-water reactors to be built in North Korea will be given to CE (Combustion Engineering)."

Minister Kong was a speaker at the breakfast meeting of the Korea Newspaper Editors' Association, when he was asked about Articles 4 and 7 of the memorandum, which guarantees CE a contract comparable to that of Uljin Nos. 3 and 4, and proposes the participation of a third party.

Minister Kong replied: "The ROK will have a greater role in the light-water reactor project for North Korea than it had in Uljin Nos. 3 and 4. The ROK will play a central role in all aspects of the project, including design, production, construction, and supervision."

Regarding the basic policy on North Korean affairs, Kong said: "As evidenced by the recent Beijing rice talks, we cannot adopt a policy by ourselves to isolate and wither North Korea." He stressed: "We have to face international conditions in which North Korean relations must be resolved through an adequate level of engagement."

Regarding the ROK's future foreign policy, Minister Kong presented four directions: internationalization of foreign relations, diplomacy through local cooperation, reunification diplomacy, and improvement of North-South relations. Kong said: "For internationalized foreign relations, the ROK will actively counter such international issues as environment, social development, and drug. The ROK will also actively participate in UN peacekeeping operations."

Agreement No Obstacle

SK2107092095 Seoul YONHAP in English
0914 GMT 21 Jul 95

[FBIS Transcribed Text] Seoul, July 21 (YONHAP) — A memorandum of understanding (MOU) signed between the Korea Electric Power Corp. (KEPCO) and Combustion Engineering (CE) of the United States on proceeding with a joint nuclear reactor project in a third country does not serve as an obstacle to the provision of Korean standard nuclear power plants to North Korea, the Ministry of Science and Technology said Friday.

In a statement, the ministry said that the KEPCO signed the MOU on March 9 to preclude the possibility that the CE may demand royalties for construction of two Korean standard light-water reactors which were modeled after CE System-80.

The issue of royalties for the provision of Korean standard nuclear power plants [KSNP] to North Korea has been a point of contention because the technology transfer contract between the KEPCO and CE stipulates that South Korea pay 4 to 5 percent of the total design and construction expenses for KSNP when exporting the reactors to a third country, the statement said.

The contract, however, says that the KEPCO need not pay any royalties when building KSNP in Korea.

The word Korea can be a point of dispute on whether it can include North Korea or not.

The statement said that, as long as the CE takes part in as much portion as it did in the Uljin Units 3 and 4 in the KEPCO's KSNP project in a third country, the KEPCO will not pay royalties to the CE.

A Foreign Ministry official said that the KEPCO should not have signed such an MOU to guarantee the American firm's portion in the North Korean nuclear reactor project well in advance of the full launch of the project because circumstances can change from time to time.

Another official, however, said that the MOU has a meaning in that it precluded the possibility that the CE can become the prime contractor for the North Korean reactor project by stating that the CE make joint efforts with the KEPCO to make the KEPCO the prime contractor for the North Korean reactor project.

"I do not think the South Korean Government or the Korean Peninsula Energy Development Organization (KEDO) will allow the American firm to undermine the principle of providing Korean reactors to North Korea," he said.

"Although we do not know whether any violation of the commercial contract, that is the MOU between the KEPCO and CE, runs against law, we will not allow the American firm or KEPCO to undermine the principle of providing Korean reactors to North Korea," he said.

He said that the KEDO or the South Korean Government has nothing to do with the MOU, adding that the KEPCO will have to scrap the MOU at its cost in case the KEDO wants to do so to guarantee South Korea's central role in the North Korean reactor project.

Other U.S. Firms To Participate

*SK2107104995 Seoul YONHAP in English
1043 GMT 21 Jul 95*

[FBIS Transcribed Text] Seoul, July 21 (YONHAP) — Three American nuclear industries are expected to participate in the reactor project as technical consultants, a government official said Friday [21 July].

"I understand a plan for Combustion Engineering (ABB-CE) and two other U.S. companies to take part in the reactor project in their respective fields, has in effect been finalized," the official said.

The two other participating American firms are General Electric and Sergent and Lundy.

The official said that the plan calls for the preparation of an overall design by Korea Power Engineering Co. with technical support from Sergent and Lundy.

In the reactor facilities sector, Korea Heavy Industries Co. (KHI) will manufacture the facilities on a design mapped out by Korea Atomic Energy Research Institute (KAERI) with technical assistance from Combustion Engineering.

Turbine generators are to be built also by KHI with technical assistance from General Electric. Korea Electric Power Corp. (KEPCO), the main contractor, will take charge of overall project management, the official said.

He said the infrastructural sector involving civil engineering, machinery and electricity, will be undertaken exclusively by South Korean industries.

"These American firms technically took part in the construction of Uljin Plants Nos. 3 and 4," the official said. "And, they will have similar participation shares in the North Korean reactor project."

With regard to the American firms' participation, some business sectors express the fear that Korea's unique expertise enriched in the course of constructing Korean standard reactors could not be used properly in the North Korean reactor project.

During the U.S.-North Korea reactor talks in Geneva last April, Combustion Engineering handed a material to the North Korean delegation, asserting that its latest model "System 80" is better than South Korean standard "System 80" in terms of safety.

KAERI Wants Co-Contractor Role

*SK2107114495 Seoul YONHAP in English
1138 GMT 21 Jul 95*

[FBIS Transcribed Text] Seoul, July 21 (YONHAP) — Korea Atomic Energy Research Institute (KAERI) hopes it will be named as a co-main contractor along with Korea Electric Power Corp. (KEPCO) in the North Korean reactor project, KAERI Director Sin Chae-in said Friday [21 July].

While meeting with reporters at the Ministry of Science and Technology, Sin said the sacking of Yi Pyong-yong, KAERI's former reactor project team head, was due entirely to his institute's own situation.

"The personnel action was not as a result of any hegemony struggles with KEPCO nor due to pressure from the United States as reported," Sin said.

The KAERI chief confided, however, Yi had been at odds with KEPCO with regard to the North Korean reactor project.

"As various project execution had become difficult due to the frictions, many KAERI field team managers voiced complaints, because of which we removed Yi from the post," he said.

Sin also said that if it serves national interests, his institute would continue to furnish technical advices and opinions to the Korean Peninsula Energy Development Organization (KEDO) regardless of whether they would be adopted.

KOPEC Strike May Affect LWR Supply

SK2107023295 Seoul YONHAP in English
0225 GMT 21 Jul 95

[FBIS Transcribed Text] Seoul, July 21 (YONHAP) — A labor strike at the Korea Power Engineering Co., Ltd. (KOPEC) is not showing signs of being settled anytime soon and some critics are worried the strike may affect South Korea's light-water reactor [LWR] supply to North Korea.

KOPEC's trade union went on strike June 23, demanding an average 41.9-percent wage hike, and has thus far failed to reach an agreement with the company.

The Korea Electric Power Corp. (KEPCO), leading the light-water reactor supply project, has a 98-percent share in KOPEC, while the Korea Atomic Energy Research Institute (KAERI) holds the remaining 2 percent.

According to the International Trade and Industry Ministry, the company had offered a 3-percent wage hike but recently raised its offer to 17.4 percent. However, the trade union said that wages at other engineering businesses are 20 to 30 percent higher than those at KOPEC, rejecting the company's offer.

About 70 percent of the union's 1,495 members, including more than 190 technicians with doctoral degrees and 'professional engineer' certificates, are participating in the strike.

Other unionists participating in the strike include about 190 technicians in the geotechnology and civil engineering departments, some of whom may be named to a survey team scheduled to examine sites for the construction of nuclear power plants in North Korea.

KOPEC was expected to provide the architectural engineering and design services for the North's light-water nuclear reactor project after the Korean Peninsula Energy Development Organization (KEDO) signs a commercial contract with KEPCO.

Removal of KAERI Top Engineer Controversial

SK2107003195 Seoul YONHAP in English
2353 GMT 20 Jul 95

[By Hwang Tu-hyong]

[FBIS Transcribed Text] Seoul, July 21 (YONHAP) — Controversy flared since a top engineer at the Korea Atomic Energy Research Institute (KAERI) who was in charge of developing the Korean Standard Nuclear Power Plant (KSNP) and played a pivotal role in getting the KSNP accepted in the nuclear negotiations between Pyongyang and Washington was dismissed Wednesday.

Yi Pyong-yong, chief of KAERI's North Korean reactor project team, first raised the issue of providing Korean-made reactors to the North last October when South Korean and U.S. officials were considering to provide Russian or American reactors as requested by North Korea, according to sources close to the nuclear talks.

Since then, Yi has consistently been challenging U.S. and some South Korean officials who were trying to increase the involvement of U.S. firms in the North Korean reactor project, they said.

Yi's point is that South Korean firms should play a central role in the light-water reactor project considering the possibility of the Korean peninsula being reunified.

As the chief of a 48-member team of Korean engineers dispatched to Combustion Engineering (CE) of the United States to learn how to design the linear portion of the Nuclear Steam Supply System (NSSS), a core technology for nuclear power plants, Yi cast doubts about the role of a program coordinator in the North Korean reactor project which South Korea and the United States agreed should be an American firm, the sources said.

The type of Nuclear Steam Supply System, which basically refers to just the nuclear reactor, characterizes whether the nuclear power plant is Korean or another country's.

In that sense, Yi was suspicious that the American Program Coordinator (PC) might meddle in efforts to provide South Korean reactors to the North, noting that the American PC should have the technology for the linear design of the NSSS as well as other core technologies for the construction of nuclear plants while the Korea Electric Power Corp. (KEPCO), the prime contractor for the North Korean reactor project, has no such technological capabilities.

Although KEPCO has insisted that it can work in close cooperation with KAERI to cope with such technological issues raised by the PC, as it did in the

construction of Uljin Nuclear Reactor Units 3 and 4, Yi and other KAERI officials claimed that such abnormal contract formats cannot continue indefinitely mainly because of security reasons.

The Uljin Units were constructed under a contract system in which KEPCO controls the construction of the nuclear plants by acting as a program manager while the Korea Heavy Industries Co. (KHI) plays the role of subcontractor for the production of core parts used by nuclear power plants. In the contract system KAERI should become a subcontractor for KHI when it is time to design the NSSS. KAERI officials insist that it cannot take full responsibility for the stability of the reactors because it cannot have the final say when making decisions about their construction under such a contract system. A KAERI official insists that "We actually received a lot of requests from KHI and other reactor part manufacturers regarding changes in specifications which KAERI ordered."

"Although we have been trying to persuade those manufacturers to accept our specs to guarantee security, it is possible that some unsafe changes could be made at any stage of the construction process under the current contract format because KAERI can just make proposals without any decision-making power," he said.

Foreign Ministry officials, however, said that although Yi played a central role in persuading South Korean and American officials to propose Korean reactors in negotiations with North Korea, Yi's dismissal alone will not affect the use of Korean reactors in the project. Meanwhile, a KEPCO official said that his company would have no problem overseeing the design, production, construction and management of nuclear power plants, although it lacks the ability to design an NSSS. "The reason is that we have managed several nuclear power plant projects over the past decades," he said. "During the period, we have obtained all the nuclear technology from American, Canadian and French firms and the so-called KSNP is no different from America's CE-80 model except for some changes with which KEPCO is familiar."

However, KAERI officials retorted, "How could they supervise the designing and manufacturing of an NSSS with such a limited knowledge of the Nuclear Steam Supply System?" They insist that KAERI is the one that should assume final responsibility for the quality of the reactor.

Noting that KEPCO and other nuclear-related firms and government officials still tend not to accept the concept of KSNP as they did at the initial stages of the Pyongyang-Washington nuclear talks, KAERI officials

insist that the country should foster an atmosphere in which feats of engineers and scientists are honored.

Pointing out the relatively small expense KAERI is assuming in the project, about 2 percent of the total expenses necessary to build the nuclear reactors, KAERI officials say that they do not want to become the prime contractor but just want to be given a role where it can secure stability and guarantee Korean reactors are provided to the North.

They added that the design technology for the NSSS is so important that no firms are allowed in foreign countries to play the role of the prime contractor unless they already have NSSS design technology, although the actual monetary value of the entire NSSS system is just about 70 billion won out of the total construction expense of 3.5 trillion won for a nuclear power plant.

Removal Could Affect Project

*SK2107065695 Seoul CHOSON ILBO in Korean
21 Jul 95 p 3*

[Editorial: "Dismissal of Contributor To Light-Water Reactors"]

[FBIS Translated Text] The dismissal of an employee by the Korea Atomic Energy Research Institute [KAERI] may be a trivial matter. People might not be interested in such a personnel decision by the government. However, the dismissal of Yi Pyong-yong is not an ordinary personnel change because he was a major contributor to the ROK-style light-water reactor and was system design chief. His role in the nuclear power field has been significant.

What concerns us most is whether the construction of the ROK-style light-water reactors in North Korea will face any setbacks. Yi was not only in charge of the development of the ROK-style light-water reactor, but also a technical advisor providing justification to negotiations with North Korea on the light-water reactor issue. The removal of such a core member from the design and construction of the light-water reactor, which have not even started, may have a great impact on the project.

Foreign Minister Kong No-Myong and other ministry officials have reportedly been displeased with Yi because he exaggerated the role of KAERI to secure the interests of the institute. Such a grudge may have resulted in a serious disagreement and the withdrawal of Yi from the light-water reactor project. We do not have any evidence to prove whether the Foreign Ministry was right or Yi was a political sacrifice. As the dismissal has become a hot issue, the government authorities should explain the essential problem that made the dismissal

of Yi inevitable, and whether the ROK-style light-water reactor project can proceed as planned without Yi.

KAERI and KEPCO [Korea Electric Power Corporation] reportedly have had serious conflicts because KEPCO did not trust the institute's design technology and its light-water reactor construction capabilities. KEPCO wanted to rely on the United States for core technology and had its will. This reportedly kindled the controversy over Yi's dismissal. If this is true, the ROK-style light-water reactor is either superficial or lost. There has been dispute over the extent of independence of the ROK-style light water reactor's core design. Since Yi played a central role in its development, it is natural to speculate that his dismissal means giving up the ROK-style reactor. The speculation is particularly convincing because rumor has it that there has been outside influence in downgrading KAERI from the central role to the role of a subcontractor.

Engineer's Career Detailed

SK2007142795 Seoul MUNHWA ILBO in Korean
20 Jul 95 p 3

[Article: "Who Is Dr. Yi Pyong-yong?"]

[FBIS Translated Text] Dr. Yi Pyong-yong, leader of the team in charge of the atomic energy project within the Korea Atomic Energy Research Institute [KAERI] who was suddenly dismissed on 19 July, is the very person who developed the "ROK-style light-water reactor" and raised it to be the greatest issue in international politics in Northeast Asia.

After graduating from the Mechanical Engineering Department of Seoul National University, he joined KAERI in 1980. When Yonggwang Nos. 3 and 4 reactors were under construction in 1987, Dr. Yi led a team from KAERI consisting of 48 researchers that was dispatched to the headquarters of the U.S. Combustion Engineering Company [CE] in accordance with the contract with this company for technological orientation. Those who accompanied him to the United States said: "CE did not allow the team members access to its core technology, making them work only in insignificant fields. Nevertheless, Dr. Yi learned the core technology, dragging the information out of them."

Through his experience gained at that time, Yi seemed to have learned the truth that "one can win victory in negotiations with a large power only by adopting a fighting manner." However, this attitude shown by Dr. Yi in the course of negotiations with the United States over providing light-water reactors to North Korea embarrassed relevant ROK Government officials. Since then, he was branded as "a figure who needs to be watched."

At consultations between the ROK, the United States, and Japan held in Washington last June to decide on the type of light-water reactor to be provided to North Korea, the United States revealed its intention to supply "Russian-style" reactors purchased with ROK money. Dr. Yi stressed "we have an ROK-style reactor," thus applying the brakes on such a move. At the time, the government's negotiation team did not pay much attention to his assertions. However, Dr. Yi finally succeeded in persuading Chongwadae [presidential offices], making it establish the great principle pertaining to "ROK-style reactors" and "the ROK's central role."

The course of putting this principle into practice was indeed difficult and arduous. In a conference held in Washington early this year, the United States revealed its plan to take the position of "program coordinator" and assume a supervisory and coordinating role in the light-water reactor project for North Korea. This being the case, Dr. Yi strongly resisted, stressing that "this is intended to reduce the ROK's role." It was learned that at the conference, he had a major quarrel with U.S. officials, even engaging in severe yelling.

Seoul, U.S. Agree on Shelf-Life Issue

SK2007121895 Seoul YONHAP in English
1212 GMT 20 Jul 95

[FBIS Transcribed Text] Seoul, July 20 (YONHAP) — South Korea and the United States Thursday [20 July] agreed that South Korea will allow manufacturers of frozen foods to designate the shelf-life period of their own products beginning July 1, 1996, while limiting the shelf-life of frozen foods to nine months until the new system goes into effect, according to Chang Ki-ho, director general of the Foreign Ministry's International Trade Bureau.

The agreement was signed in Washington between South Korean Ambassador to the United States Pak Kun-u and the United States trade representative (USTR).

The agreement, which put an end to the eight-month trade dispute between the two countries, also put the shelf-life of vacuum-packaged frozen pork and beef at 45 days and 90 days respectively, according to Chang.

For frozen sausages and patties, the two countries agreed to limit the shelf-life to three months, according to him.

Until July 1, 1996, when the government will lift restrictions on the shelf-life of imported foods, imported frozen beef will be allowed on shelves for up to 12 months.

The U.S. brought the shelf-life issue of imported foods in the Korean market to the World Trade Organization

(WTO) on May 4, demanding that the Seoul government lift its shelf-life restrictions during the latter half of 1995.

The U.S. has insisted that only three countries including South Korea and Egypt impose government restrictions on the shelf-lives of imported food.

In early June, the two sides met in Geneva to try and settle the dispute, but they failed to reach an agreement.

On the issue of South Korea's inspection and quarantine system of imported fruits and other foods with which the U.S. also brought to the WTO, both countries agreed to settle the issue through bilateral negotiations outside the WTO panel.

The South Korean and U.S. Governments, however, agreed that further technical examinations are needed before a final agreement can be reached on the issue, according to Chang.

Trade Deficit With U.S. Widening

*SK2107020695 Seoul THE KOREA TIMES in English
21 Jul 95 p 8*

[FBIS Transcribed Text] Washington is not in a position to ask Seoul to open its markets wider when President Kim Jong-sam visits as Korea's trade deficit with the United States widened by more than 10 times in the first half of the year over the same period last year to 3,642 million dollars.

The Korean Customs Service said yesterday that from January through June this year, imports from the United States rose by 47.4 percent, more than three times as fast as the nation's exports to the United States, the KCS said.

Korean imports from the United States grew faster than those from Japan, the European Union and China, it said.

Korea imported 14,495 million dollars worth of U.S. products in the first half of this year, accounting for 22.2 percent of the nation's global imports.

On the other hand, exports to the United States totalled 10,853 million dollars, an increase of 14.5 percent over the like period last year, far less than the nation's global export growth rate of 33.4 percent.

Korea's exports to the United States accounted for 18.6 percent of the country's global exports during the period—their lowest share of total exports since 1991.

Kim Jong-sam's Visit to U.S. Previewed

SK2007115895

[FBIS Editorial Report] The following is a compilation of articles carried in Seoul vernacular newspapers on 20 July pertaining to President Kim Jong-sam's upcoming state visit to the United States at U.S. President Bill Clinton's formal invitation.

The conservative CHOSON ILBO publishes on page 2 a 1,100-word article by reporter Kim Chang-ki under the headline "Significance and Background of President Kim Jong-sam's Visit to the United States." Noting that President Kim's U.S. visit will coincide with the inauguration of the Korean War Memorial Park, the article states: "The United States intends to renew the significance of the Korean War, the forgotten war, and of leading international society to defend a free Korea in order to check the communists' armed expansion." Since the ROK has become an example of a state that has attained both political and economic success, Americans "more preciously evaluate the significance of the Korean War." Noting that the main purpose of President Kim's visit is "to reconfirm ROK-U.S. relations and to seek new cooperative relations towards the new century," the article writes that the two top leaders will likely discuss consolidating the foundation of cooperation required in order to supply ROK-style light-water reactors to North Korea, as well as other topics. They will also exchange views on the medium-term future of the Korean peninsula, including prospects for a Korean Armistice Agreement. The article predicts that with President Kim's visit as the occasion, the United States will emphasize resolving impending issues concerning the opening of South Korea's financial, communications, and automobile markets as well as the protection of intellectual property rights. Although ROK-U.S. trade friction is not "so serious," since our nation was in the red by \$3.17 billion for the first five months of this year, the United States is persistently demanding a continued opening of our markets. Therefore, our side is going to ask for "U.S. understanding" during the meeting of ROK-U.S. financial and business officials slated for 23-24 July in Washington. For this, a total of 38 ROK businessmen, including heads of 30 large business groups, will accompany President Kim to the United States.

The moderate TONG-A ILBO carries on page 4 a 1,000-word article by Kim Tong-chol entitled "Trip To Reconfirm ROK-U.S. Friendship." Noting that President Kim's upcoming U.S. visit will be "an occasion for reconfirming the ROK-U.S. traditional alliance and formulating relations between the two countries to prepare for the 21st century," the article discusses three major events that President Kim will participate in

during his visit, including a summit, a speech to a joint session of the U.S. Congress, and his attendance in unveiling the Korean War Memorial. The article notes: "With frequent contacts between Presidents Kim and Clinton, the friendly relations between the two countries has become more amicable than ever before." Thus, referring to remarks by a Chongwadae [presidential offices] official, the two leaders will reach agreement "without encountering a particular stumbling block." The article adds that in his speech to be delivered to the joint session of Congress, President Kim "will expound his vision for a forward-looking partnership to prepare for the Asian-Pacific era in the 21st century." The article goes on to say that because of the complicated domestic situation, including a miserable defeat in local elections and the Sampoong Department Store collapse, some officials within the ruling circle opposed President Kim's U.S. visit. Taking such public opinion into consideration, Chongwadae drastically reduced the number in his entourage and canceled the president's visit to the U.S. Pacific Fleet Command. Apart from his diplomatic success, it is likely that "during his U.S. trip, President Kim will finalize the formulation of his ideas for settling the domestic political situation."

The moderate CHUNGANG ILBO publishes on page 2 a 1,100-word article by reporter Kim Tu-u under the headline "Background of President Kim Yong-sam's Second Visit to the United States." The article points out that despite the U.S. trend to reduce the number of state visits by heads of state, the U.S. Government extended an invitation to President Kim to visit as a state guest. The article notes that during the summit, the ROK will inquire into U.S. intentions pertaining to a "2+2 formula" in which North and South Korea sign a peace agreement to replace the Armistice Agreement, and the United States and China guarantee this; the issue of dissolving the UN Command and managing the DMZ will also be discussed. The article adds that since the two presidents had talked previously and on many occasions about the North Korea nuclear issue, they will immediately enter into in-depth discussions on this issue without engaging in protocol.

The moderate KYONGHYANG SINMUN carries on page 3 a 1,200-word article by reporter Kim Hak-sun entitled "How Were the Preparations for President Kim's U.S. Visit Made?" The article writes that due to unexpected large accidents at home, namely the collapse of the Sampoong Department Store, the scope of President Kim's visit was drastically reduced in view of public sentiment. However, President Kim's meeting with Korean scientists and technicians residing in the United States will take place as scheduled. In addition, the number of reporters accompanying the President

was reduced to 50 in light of past public criticism that 140 reporters accompanied President during his visit to Europe in March.

The pro-government SEOUL SINMUN publishes on page 3 a 1,300-word article by reporter Yi Kyong-hui under the headline "Background of President Kim's U.S. Visit." Pointing to the significance of President Kim's visit, which is to be made "as the United States formulates 'a new international order' in Asia," the article states that the summit will likely discuss the international situation beyond the issue of Korean peninsula, and that "by meeting with President Clinton, President Kim will be able to find out the direction of the new order pursued by the United States and the speed of its advance." The article adds that President Kim's second state visit to the United States means "the ROK-U.S. relationship is a partnership and not merely a slogan."

North To Make Najin-Sonbong No Visa Zone

**SK2107012395 Seoul KBS-1 Radio Network
in Korean 2300 GMT 20 Jul 95**

[FBIS Translated Text] North Korea has announced that it will make the Najin-Sonbong area a tourist center and trade area which does not require entry visas. This is the first time that North Korea announced a no-visa entry zone in its land.

Moscow-based correspondent Kim Son-ki reports on the news conference held at the North Korean Embassy in Russia.

[Begin recording] North Korea decided to build the Najin-Sonbong area on the Tumen River into a tourist and trade center where entries and departures can be made without visas in conformity with the changing international and economic trends.

In a special news conference on 20 July, the North Korean Embassy in Moscow announced that it will make the Najin-Sonbong area an international trade center, a tourist and industrial processing center, and a financial center through a three-stage period.

Son Song-pil, North Korean ambassador to Russia, said that North Korea welcomes the participation of the ROK, as well as the United States and Japan, in this area, and said that visitors to the area will be able to tour the area without visas.

The North Korean Embassy stated that to realize this plan, North Korea has set aside the first stage—from 1993 to the end of 1995—for infrastructure construction, and that many roads have already been built there.

In the second stage—from 1996 to 2000—North Korea will augment the port, harbor, and dock facilities in the Najin-Chongjin-Sonbong area to enhance stevedoring capacity. In the third stage—from 2001 to 2010—North Korea will push ahead with the project of ultimately building a large-scale base for international exchange to suite the new world, the North Korean Embassy explained.

The North Korean Embassy stressed that if the project for this area is completed, the area will become an intermediate port of call linking it with the surrounding international ports. [end recording]

KOTRA Office Planned for Najin

**SK2107054295 Seoul CHUNGANG ILBO in Korean
21 Jul 95 p 25**

[Report by Mun Il-hyon from Beijing]

[FBIS Translated Text] During the second round of North-South talks held in Beijing from 15 to 19 July, North and South Korea reportedly agreed to open a Korean Trade Promotion Corporation [KOTRA] office in the Najin-Sonbong region, North Korea's special economic zone, as early as possible. According to this agreement, KOTRA officials will soon visit the Najin-Sonbong region and discuss with North Korean officials the selection of a site, communications, lodgings, and other matters concerning the opening of the trade office.

A high-ranking source in Beijing stated on 20 July: "At the second round of talks in Beijing, the North Korean delegates positively consented to open a KOTRA trade office in the Najin-Sonbong region. However, the ROK side hoped that overall affairs concerning North-South economic cooperation would be discussed in addition to the trade office issue. Therefore, the sides agreed to discuss this issue during the third round of talks scheduled to be held on 10 August."

He also said: "If an agreement is reached at the third round of talks, the trade office would open in September or October at the earliest."

This source also said: "The South Korean side hoped to open a KOTRA trade office in Pyongyang in addition to the office in the Najin-Sonbong region. However, North Korea said that it would be difficult to open an office in Pyongyang, but that it is possible to open one in the Najin-Sonbong region."

Seoul Said Considering Proposing Korean Summit

**SK2107013795 Seoul YONHAP in English
0129 GMT 21 Jul 95**

[FBIS Transcribed Text] Seoul, July 21 (YONHAP)—The government is considering ways to propose an inter-

Korean summit to North Korea for Aug. 15, the 50th anniversary of the nation's liberation from Japanese imperialists, a government official said Friday. Judging that North Korea's de facto leader Kim Chong-il is eager to hold the inter-Korean summit, the government is studying ways it could make the tentatively named "proposal for national unification and peace," he said.

"The government is considering to propose to North Korea various measures designed to lay a foundation for unification on Aug. 15, 1995, 50 years after the division of the Korean peninsula. President Kim Yong-sam will include the proposal in his congratulatory speech on national liberation day," the official added.

Government Denies Report

**SK2107043495 Seoul KBS-1 Radio Network
in Korean 0400 GMT 21 Jul 95**

[FBIS Translated Text] The National Unification Ministry denied the report that the ROK Government would advance a proposal to North Korea on 15 August on holding North-South summit talks and turning the Armistice Agreement into a peace mechanism.

Kim Kyong-ung, a spokesman for the National Unification Ministry, said today: At the present time, when Kim Chong-il has not formally succeeded to power, our government is not considering proposing summit talks to North Korea.

He also said that the government's basic position has not changed and that North and South Korea must resolve the issue concerning turning the Armistice Agreement into a peace mechanism according to the North-South basic agreement.

Daily Views Prospects of North-South Talks

**SK2107100695 Seoul TONG-A ILBO in Korean
21 Jul 95 p 6**

[By reporter Kim Ki-man]

[FBIS Translated Text] After a second round of talks between North and South Korean authorities, a high-ranking ROK Government official asked reporters to see what would happen following the third round of talks. He stated: "North and South Korea, which achieved a breakthrough in bilateral relations as a result of the rice negotiations, will undergo a brief 'exploratory stage' and will seek to gradually improve relations by promoting economic cooperation, exchange, and reconciliation."

The first round of talks (17-21 July) provided an opportunity for North and South Korean officials to meet for the first time following Kim Il-song's death. Compared

to the first round, the second round of talks produced no important achievements, except for an agreement to continue talks between government authorities and promote economic cooperation. However, contrary to this opinion, the ROK Government highly assesses the achievements from the talks and is cautiously optimistic about the future of North-South relations.

The ROK highly assesses the fact that North Korea accepted "talks between authorities." As a matter of fact, in the first round of rice talks, secret envoys of North and South Korea met without setting an agenda as if they were waging blitz warfare. In this respect, the first round of talks was a "contact." North Korea attended the second round of talks, which was upgraded to "talks between North and South Korean authorities." In this way, North Korea abandoned its policy of rejecting talks with South Korean authorities, a policy it had pursued in connection with the Team Spirit exercise and the condolence issue. It is said North Korea has shown its willingness to improve North-South relations.

In this respect, it is quite significant that North and South Korea agreed to hold the third round of talks on 10 August to discuss not only the rice deal and economic cooperation, but the North-South joint celebration of the 50th anniversary of national liberation and reconciliation which is aimed at overcoming national division. The sides "tentatively agreed" to hold the third round of talks in Beijing. However, the ROK has been making efforts to hold the third round of talks "somewhere on the Korean peninsula." This is noteworthy.

Speculation is rife that the sides tentatively agreed on additional rice assistance and postponed only the final agreement and announcement of such an agreement to the third round of talks. It is said that because President Kim Yong-sam announced the "plan to provide additional rice" too early, on 22 June, our side had difficulties in the second round of talks and had to reach a tentative agreement with North Korea.

The government merely said the sides "exchanged views" on the operation of the North-South joint committee on economic cooperation, the settling of direct trade accounts, the signing of an investment guarantee agreement, the opening of a Korean Trade Promotion Corporation office in the Najin-Sonbong region, and other matters concerning North-South economic cooperation. However, they extensively discussed these issues, and therefore it is expected that follow-up measures will be taken. Both North and South Korea acknowledge the necessity to expand cooperation, including the ROK supply of fertilizers, pesticides, and anthracite coal as well as rice.

During the second round of talks, the ROK reportedly asked North Korea's opinion on the 15 August joint celebration and the "2 + 2 peace agreement."

The "2 + 2 method" has the same goal as North Korea's "peace agreement," which is to turn the armistice regime into a peace regime. However it designates South and North Korea as the parties concerned and the United States and the PRC as its guarantors, and thus keeps in line with the ROK Government's principles. The ROK Government is tenacious on this point, and the new method is expected to serve as a turning point that will decide the future of North-South relations.

Even though there will be more crises following the third round of talks, South and North Korea are expected to first reopen diverse channels of dialogue, expand economic cooperation, and resume the easing of the pain of division through exchanges of home visiting delegations and art troupes as well as through the promotion of family reunions.

South and North Korea are also expected to turn to the essential improvement of North-South relations and ways to overcome division through discussions on establishing military trust, as well as the effectuation of the basic agreement between the North and South which has in effect been invalidated.

Another factor of hopeful improvement in North-South relations is the expected position of appeasement by North Korea following the official power succession by Kim Chong-il.

Private Group Plans 15 Aug Events at Panmunjom
SK2107075095 Seoul YONHAP in English
0746 GMT 21 Jul 95

[FBIS Transcribed Text] Seoul, July 21 (YONHAP) — The "South Preparatory Committee for Joint National Events Commemorating the 50th Anniversary of National Liberation" announced Friday [21 July] that it has agreed with some organizations from North Korea and overseas Korean residents to hold joint commemorative events at the truce village of Panmunjom on Aug. 15.

At a press conference held at the Korean Christian Building in Yonji-tong downtown Seoul, the committee said it reached the agreement through fax transmissions with the committees in the North and overseas and decided to announce the plan simultaneously.

However, it is not clear whether the government will allow them to go through with such a plan at Panmunjom.

The joint ceremony will include a unification concert, a unification picture, art exhibitions and a unification forum, the South committee said.

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The committees will also hold independent commemorative events in Seoul, Pyongyang, Tokyo and New York from Aug. 12-17, according to a member of the committee.

North Negotiating To Resell Japanese Rice

*SK2107035395 Seoul CHUNGANG ILBO in Korean
21 Jul 95 p 2*

[Report by Choe Won-ki]

[FBIS Translated Text] A source said on 20 July that North Korea has been secretly negotiating with China to resell it 50,000 to 100,000 tonnes of the 300,000 tonnes of rice supplied by Japan.

This source, who is well versed on the North Korean situation, stated: "North Korea is negotiating to resell the Japanese rice to China in violation of its agreement with Japan not to resell rice to third countries." He also said: "North Korea intends to buy corn, which is inexpensive, by selling the Japanese rice."

According to the source, the international price for a tonne of rice is \$330 (Thai rice), and a tonne of corn costs \$109. This is why North Korea wants to resell the Japanese rice to China and buy cheap corn. If North Korea resells 100,000 tonnes of Japanese rice, it can buy 300,000 tonnes of corn.

Seoul Supports Japan's Normalization Moves

*SK2107020595 Seoul YONHAP in English
0200 GMT 21 Jul 95*

[FBIS Transcribed Text] Seoul, July 21 (YONHAP) — South Korea supports Japan's efforts to normalize diplomatic relations with North Korea in order to help Pyongyang become a responsible member of the international community, Foreign Minister Kong No-myong said Friday.

"At a time when the North Korean nuclear issue is in the process of being resolved, I think South Korea needs to foster an atmosphere in which North Korea can become a responsible member of the international community rather than forcing the North into isolation," said Kong. Speaking to a breakfast meeting of the Newspaper Editors' Association at the Press Center in downtown Seoul, the foreign minister said, "If the exchange of liaison offices between the United States and North Korea comes at an opportune time it will be helpful to the maintenance of peace on the Korean peninsula and the smooth solution of the North Korean nuclear issue." Kong, however, said the improvement in relations between North Korea, the United States and Japan should be pursued in accordance with the principles of

'harmony and parallelism' with which advances in inter-Korean relations should be accompanied.

On reports that South Korea plans to propose an inter-Korean summit on Aug. 15, 1995, the 50th anniversary of South Korea's liberation from Japanese colonial rule, Kong said that he cannot confirm nor deny those reports, adding, "Let's just wait and see." Kong also said that he expects North Korea's Kim Chong-il to officially assume power before Oct. 10, the anniversary of the foundation of North Korea's Communist Party.

Documents on Violence Against Women Requested

*SK2107101795 Seoul YONHAP in English
0853 GMT 21 Jul 95*

[FBIS Transcribed Text] Seoul, July 21 (YONHAP) — Visiting U.N. Special Rapporteur on violence against women, Radhika Coomaswamy [spelling of name as received], on Friday [21 July] asked the Korean Government to expedite the submission of a report outlining the current situation of women's rights and the nation's plan of action with regard to violence against women.

The Sri Lankan judge, speaking at a lecture at the Korean Bar Association building in Socho-tong, southern Seoul, declared, "I am requesting for Korea to respond to the note verbally and send information as soon as possible so that it may be processed and analyzed for my next reports."

The afternoon lecture was jointly sponsored by the Korea Women's Hotline, the Korean Bar Association and the Korean Council for the Women Drafted for Military Sexual Slavery by Japan.

Coomaswamy, who is on an official fact-finding mission concerning the comfort women issue, made the official request to governments, non-governmental organizations [NGOs] and U.N. bodies and agencies last July. She was appointed to her U.N. post last March.

The special rapporteur arrived in Seoul on Tuesday and met with government officials, NGOs and former comfort women and will be departing for Tokyo on Saturday for a six-day visit to consult with officials and former Japanese Army officers who offered their testimonies. She will present an official report on the comfort women issue at the 52nd meeting of the Commission on Human Rights [UNCHR] in Geneva next January.

However, she refused to make any comments concerning this issue, as it still under investigation.

"It is not in the best interest to comment before I visit Japan," she asserted. "It also violates U.N. confidentiality."

Instead, Coomaswamy detailed a 1994/5 preliminary report that she submitted to the UNCHR concerning her tasks as a special rapporteur, which include documenting and improving the situation for women around the world.

"The violence against women is not only an issue of criminal justice, but a fundamental violation of human rights," she asserted. Quoting the Vienna Declaration and programme of action adopted by the World Conference on Human Rights adopted in June 1993, she added, "The human rights of women and of the girl-child are an inalienable, integral and indivisible part of universal human rights."

Coomaswamy keenly focused on violence against women in times of armed conflict, pointed out the recent allegations of systematic rape and brutality in the former Yugoslavia and Rwanda. She also hopes that in her capacity as U.N. rapporteur she can make these violations recognized as an international war crime and that "individuals who are victimized have the right to compensation."

She will report on this issue at the Fourth U.N. Women's Conference in Beijing this September where she forecast violence against women will be the main topic.

Before her visit to China she will travel to Pyongyang where she will meet and discuss the issue with former North Korean comfort women.

During World War II, as many as 200,000 women and girls were forced to serve as sexual slaves, or "comfort women," for the Japanese Imperial Army. The survivors are seeking the public disclosure by the Japanese Government of all related documents, an official public apology, monetary compensation and the punishment of the perpetrators.

Despite the fact that Japan Wednesday announced the launching of a private fund to compensate the former comfort women, the survivors bitterly denounced the peace fund as "a veil" to conceal Japanese war crimes and demanded a parliamentary resolution.

Kim Yong-sam's Political Agenda Analyzed
SK2107022595 Seoul THE KOREA TIMES in English
21 Jul 95 p 2

["News Analysis" by political editor Chong Un-pong]

[FBIS Transcribed Text] As expected, President Kim Yong-sam has decided to push his reforms more forcefully than ever before despite the humiliating defeat of the ruling Democratic Liberal Party in the local elections on June 27. His resolve to overhaul the DLP is so

strong that the suspected changes will be similar to the creation of a new party.

Meeting with DLP leaders over breakfast at Chong-wadae, he said he will make a decision shortly after his return from the impending U.S. visit to recast the DLP to pursue "the wishes of the people."

Key phrases from his speech before the party leaders are that the reformist policies thus far taken should be pushed irrespective of diverse opinions. The problem is not with the reform but with inconsistency. In pushing reforms, more attention will be paid to details because they are directly linked to the everyday living of the people.

He also revealed his intention to directly select candidates for the law-maker elections set for April next year. All this indicates that Kim will throw down the gauntlet for a battle against the two Kims — Kim Tae-chung and Kim Chong-pil — to get as many DLP candidates elected as possible.

His remarks forecast the re-emergence of the turbulent political rivalry among the three Kims.

Now, Kim Tae-chung is busy creating a new party. A majority of lawmakers of the main opposition Democratic Party is making a mass exodus to join the new party. The main purpose of the new party is to realize Kim's personal ambition for power, spurred on by the good showing in the local elections not only in his power base of the Cholla area but the capital city of Seoul.

The third Kim, Kim Chong-pil, pulled off a slightly less-than-miraculous feat in the local elections, re-establishing himself as a force representing the Chung-chong and Kangwon area.

The two Kims will throw all their weights around in the April general elections for the life-and-death contest for the presidential elections in 1997 if the current presidential system is still in place without being replaced with the cabinet system which they favor.

As things stand, the new round of the three Kims' political boxing match will be fiercer than ever before because it will be the last. Of course, President Kim is not allowed to seek re-election under the Constitution. But he is not a man who will back away. He will do what it takes to foil the two Kims' ambition under the pretext that the era of the three Kims including himself should end and a new generation of politicians should take over.

Despite the rhetoric, as President Kim decides to hold tighter the rein of the DLP, the three Kims' contest will

only escalate, pulling the ground from under the feet of the new generation politicians.

President Kim's words will surely send out shock waves, particularly to those leftovers from the past military regimes, known as the "Minjong" faction, because they may think that they will be tossed out in reformation of the DLP.

Under the strong gale of President Kim's reform drive, none of them dared to speak up. They lied down in order not to be blown away. Now things are different. They begin to speak up. [paragraph as published]

In a series of meetings of the ruling DLP, pent-up complaints gushed forth. Criticism of President Kim's way of managing state affairs was like those heard in the caucuses of opposition parties.

Although President Kim's resolve is strong, it is another matter whether it will be effective. Unlike the past, Kim will find it difficult to steer the party this time. He has only a little more than two years in office. Once the April elections are over, he is bound to see his power rapidly slip through his fingers like sand.

And the United Liberal Democrats, led by Kim Chong-pil, whom he booted out of the DLP, is out to cajole disgruntled "Minjong" faction members, to join them, particularly those hailing from the Chungchong and North Kyongsang Province area.

The DLP is in need of an overhaul. But it may not be an easy job. President Kim cannot fail to sense this. But time is not on his side.

He seems to have decided to reform the party with an infusion of promising young generation politicians before it is too late. He is making his last political gambit against the two Kims just as they are against him.

Kim Yong-sam To Address Weak Reform Policies

*SK2107085895 Seoul YONHAP in English
0833 GMT 21 Jul 95*

[FBIS Transcribed Text] Seoul, July 21 (YONHAP) — President Kim Yong-sam said Friday that the government will address weak points in his administration's major reform policies such as the real-name financial and real estate transaction systems.

Meeting with advisory group members of the ruling Democratic Liberal Party [DLP] at Chongwadae [presidential offices], the chief executive made the remarks after listening to their recommendation that the government should amend laws which had been enacted by his reform plan if they do not work properly, advisor Yi Man-sop said.

"The party and cabinet should hold frequent subcommittee meetings to study the government's reform policies in order to perfect them," the DLP advisor quoted Kim as saying.

Turning to the rice aid issue, the president said that he has no intention of providing rice aid to North Korea which has been purchased from a third country, while clarifying there has been some misunderstanding by people regarding a statement he made that the government would consider obtaining rice from a foreign country to give to the North if the people wanted it, Yi added.

On the DLP's defeat in the June 27 local elections, Kim pointed out the party's improper nomination of candidates as one of the causes for his party's poor showing and stressed that he would carefully manage next year's 15th general elections, according to Yi.

DLP Official Hints at Party Reform

*SK2107025995 Seoul YONHAP in English
0239 GMT 21 Jul 95*

[FBIS Transcribed Text] Seoul, July 21 (YONHAP) — Ruling Democratic Liberal Party [DLP] Secretary-general Kim Yun-hwan hinted Friday that the party reform President Kim Yong-sam, who also heads the ruling DLP, is planning may include the institution of a vice presidential system.

Spokesman Pak Pom-chin, emerging from the party's high-level staff meeting, quoted Kim as saying at the meeting, "I, as secretary-general, haven't been consulted (by party President Kim) about the reform, but he appears to be studying a plan to let key party figures participate in the process of making major policies."

Asked to elaborate, Pak declined but said, "The secretary-general has unofficial channels (of communication with the president), doesn't he?"

As for the time frame of President Kim's party reform announcement, a ranking party official said it would be Aug. 3 or 4 judging from the president's remarks that he would make the declaration soon after his return from the United States.

President Kim is scheduled to return July 29 from his week-long state visit to the United States.

Investigation Reveals Perjury by Chon Tu-hwan

*SK2107060495 Seoul YONHAP in English
0546 GMT 21 Jul 95*

[FBIS Transcribed Text] Seoul, July 21 (YONHAP) — Former President Chon Tu-hwan, former martial law commander Yi Hui-sung and former Defense Minister

Chu Yong-pok turned out to have committed perjury while testifying at the National Assembly hearings held in late 1988 and 1989, according to an analytic review of the prosecution investigation of the armed suppression of the May 18, 1980, Kwangju democratization movement.

Then National Security Commander Chon Tu-hwan, according to the results of the prosecution's probe, approved the military's plan to advance into Kwangju again at a martial law command meeting on May 25, 1980, and instructed his subordinate, Security Command Chief Planning Coordinator Choe Ye-sop, to attend martial law troop operational meetings in Kwangju.

But Chon allegedly committed perjury before the members of the National Assembly on December 31, 1989, saying, "I was never involved in the military operations."

Regarding the military's move to block entry to the National Assembly building on May 20, 1980, according to the results of the prosecution investigation, the Army headquarters under the command of the then martial law commander, Gen. Yi Hui-sung, ordered a unit of the capital corps to carry out the blocking, and that Yi received a report on the operation from the then capital corps commander, Gen. Pak No-yong.

Yi, however, allegedly lied to the National Assembly hearing panel late in 1988, saying, "As to the blocking of the National Assembly, I neither issued an instruction nor received a report."

The then Defense Minister Chu Yong-pok also allegedly lied in the parliamentary hearing when he denied receiving a request for the nationwide expansion of martial law on May 17, 1980, whereas he received an instruction to that effect from the then National Security Commander, Gen. Chon, via then Col. Kwon Chong-tal, security director of the National Security Command.

The sentence for committing perjury before members of the National Assembly is punishable by a one to 10-year imprisonment and the statute of limitations for such a crime is seven years. The statutory deadline for legal action against Chon falls on December 30, 1996, and for the others it ends this coming December. Accordingly, the prosecution's investigation into the perjuries appears to be unavoidable.

"Investigating the alleged perjuries at the National Assembly are normally initiated when charges are filed by the National Assembly," a prosecution official said Friday. "Should charges and lawsuits be filed by Kwangju uprising-related organizations or victims of the perjuries or their organizations, we will also have to conduct investigations."

Former Minister Investigated for Taking Bribes

SK2107021495 Seoul YONHAP in English
0150 GMT 21 Jul 95

[FBIS Transcribed Text] Seoul, July 21 (YONHAP) — The Supreme Public Prosecutor's Office, investigating former Finance Minister Yi Yong-man for his alleged acceptance of some 700 million won in bribes, started Thursday examining his financial records at four banks where he and his family members had accounts, as he denied most of the bribery charges in his recent meeting with prosecutors.

The four banks prosecutors are searching for funds he allegedly received as bribes are Tonghwa Bank, Hanil Bank, the Bank of Seoul and Sinhan Bank. The prosecution was issued a court order allowing them access to the Yi's bank records.

The investigation is examining records related to checks totaling hundreds of millions of won these banks issued between December 1991 and February 1993 to establish where the funds came from and where they went, an official said.

In April 1993, former Tonghwa Bank president An Yong-mo confessed during prosecution interrogations to having given Yi bribes totaling 730 million won in exchange for favors he provided between April 1990 and September 1992 when Yi was bank superintendent and then finance minister.

The prosecution has obtained physical evidence supporting the allegations Yi received a bribe of 50 million from An, but they are still searching for more evidence regarding other bribes.

On Tuesday a prosecutor visited Yi at the hospital to question him about the bribery case, but he denied most of the charges.

Yi is currently undergoing treatment for heart and lung ailments at Seoul National University Hospital.

Economy To Grow 8.7 Percent in Third Quarter

SK2107020995 Seoul THE KOREA HERALD
in English 21 Jul 95 p 8

[FBIS Transcribed Text] The national economy is likely to grow by about 8.7 percent in the third quarter of this year, the Korea Chamber of Commerce and Industry (KCCI) said.

The projected 8.7-percent growth is slightly lower than the first-quarter's figure of 9.9 percent.

The drop in the economic growth rate will be attributable to a decrease in the facility investment, KCCI said.

The KCCI yesterday released its analysis for the third-quarter economic prospects on the basis of a survey of 230 corporations and economic agencies.

Corporate facility investment increased by 30.6 percent and 25.2 percent in the fourth quarter of last year and in the first quarter of this year.

But the corresponding rate in the third quarter of this year will be just 22.1 percent, affecting the overall economic growth rate. "Despite the slowed overall growth, exports will continue to rise between July and September," the KCCI report said.

Exports of semiconductor chips, automobiles and heavy-chemical industry products were particularly brisk in the period between January and May, posting a growth rate of 33.1 percent over the same period of last year. Shipments of light industry goods such as paper also rose by about 15.3 percent.

The reports, however, noted that the export-growth rate will decrease by 1 percent in the third quarter because of a slight appreciation of the won against the dollar and sluggish economic conditions in the United States and Japan.

Imports of capital goods and raw materials increased by about 41.8 percent and 33.2 percent, respectively, in the January-April period.

Measures Approved To Transfer Issuing of Passports to Wards

*SK2007122195 Seoul YONHAP in English
1156 GMT 20 Jul 95*

[FBIS Transcribed Text] Seoul, July 20 (YONHAP) — A vice ministers meeting on Thursday [20 July] approved a set of measures related to the transfer of passport issuance program additionally to the four wards of Seoul effective Oct. 1 this year.

Five major provincial cities and nine provinces have already been allowed to issue passports to ordinary citizens under their own authority.

Under the steps approved Thursday, 66 officials of the Foreign Ministry's Passport Division will be transferred to Seoul Municipality.

The four Seoul wards authorized to issue ordinary passports will be Yongdungpo, Chongno, Socho and

Nowon. Six more wards in Seoul will be allowed to do so next year.

Also effective Oct. 1, people residing in the provincial area will be allowed to apply for passports at one of the four Seoul wards.

Work on Asian Submarine Optic Cable Begins

*SK1807022795 Seoul THE KOREA HERALD
in English 18 Jul 95 p 8*

[FBIS Transcribed Text] The construction of a submarine fiber-optic cable network linking Korea and Japan with seven countries in the Southeast Asian region has been launched, Korea Telecom said yesterday.

Taiwan, the Philippines, Hong Kong, Thailand, Malaysia, Singapore and Indonesia are among the connections points of the 12,900-km-long cable system, code-named APCN (Asia Pacific Cable Network).

Hundreds of telecom officials from home and abroad attended a ceremony, held in Songjong of Pusan last Saturday, to mark the start of the APCN construction.

The APCN cable landed at a connecting point in a Songjong beach area from a cable-burying ship anchored about 1 km away during the ceremony.

The ship is scheduled to complete the installation of the APCN cable by November of next year.

The APCN will be equipped with 60,480 circuits of 5 Gbps-class [gigabits per second] fiber-optic cable.

The speed of 5Gbps means that data contained in about 80,000 newspaper pages can be transmitted per second.

To better ensure the safety of the system, the APCN cable will be buried about 1.5 meters under the seabed along the route.

With the completion of the APCN, Korea will emerge as a hub of international telecommunications as it will be naturally linked with several other major submarine systems.

The H-J-K (Hong Kong-Japan-Korea) and R-J-K (Russia-Japan-Korea) cables were inaugurated in 1990 and earlier this year, respectively.

The construction of the CKC (China-Korea Cable) will be finished by late this year.

Burma

Dailies Report Suu Kyi Release for 'First Time'
BK2107054795 Bangkok THE NATION in English
21 Jul 95 p A6

[Report by Don Pathan]

[FBIS Transcribed Text] Rangoon — A photograph of Burmese opposition leader Aung San Suu Kyi appeared yesterday on the front pages of the country's two daily newspapers.

It was the first time they have mentioned her since she was released from house arrest on July 10.

Both the English-language New Light of Myanmar and the Burmese-language Myanmar Light showed a picture of Suu Kyi taken on Wednesday, dressed in black and placing a basket of flowers on the tomb of her father, Gen [General] Aung San, and eight other national heroes.

An accompanying article in New Light of Myanmar mentioned briefly that she attended the Martyrs' Day ceremony at the tomb, while the caption in the Burmese-language newspaper briefly explained what she was doing.

Suu Kyi's attendance was shown briefly on state television on Wednesday evening — her first appearance in the state media since the military government released her after six years under house arrest.

Wednesday's holiday honours Suu Kyi's father, who led Burma's independence struggle against Britain. He and six others were assassinated by political rivals on July 19, 1947.

Publication of Suu Kyi's photo came as a pleasant surprise to all who were interviewed. Many expressed optimism that the political climate in the country would change.

Officials from the Ministry of Information said the state took extra precautions by increasing security during the holiday because of the possibility of a demonstration or violent reaction from the public.

Spectators were tightly controlled and were separated from Suu Kyi's immediate presence.

Armed guards were positioned at ceremonial sites attended by representatives of the Burmese junta, foreign diplomats and Suu Kyi. Throughout the city, traffic police and other government officials were highly visible.

"Yesterday (Wednesday) was the first time Suu Kyi made a public appearance," the Ministry of Information official said. "Today everything is back to normal."

Yesterday, the extra armed guards and other visible security forces had disappeared. Life in the city was back in the same mode as it was on the day before the holiday.

At Suu Kyi's house on University Ave, a crowd of several hundred gathered in front of her driveway, waiting patiently and politely to hear her. Suu Kyi is often referred to in conversation as "our country's leader". She has been making a daily appearance about 3 pm to chat with her supporters and spectators.

The 1991 Nobel Peace Prize winner usually urges her supporters to be patient and reaffirms that all the movement's leaders are in good health and all are united.

"Don't follow the cult of personality," Suu Kyi warned.
"Principle is more important than personality."

"We must be zealous. We must be consistent, and then we will win," she said.

The popular leader asked her supporters to understand why she was unable to spend more time with them and reassured them that she had not abandoned them.

"I've been spending time with the foreign media because they are sending our message to the world," she said.
"I'm not ignoring you."

In addition to foreign and local journalists assigned to cover her unexpected release, the daily event has been attracting a number of Rangoon-based diplomats as well as some foreign visitors to the country.

The Japanese ambassador to Burma, whose embassy is within walking distance of Suu Kyi's house, strolled over to witness the crowd.

"I'm shaking all over," said a college student, after seeing Suu Kyi in person for the first time.

Article Justifies Aung San Suu Kyi Detention

BK2107061095 Rangoon THE NEW LIGHT OF MYANMAR in English 8 Jul 95 p 3

[Article by Nawrahta: "Destiny of the Nation"]

[FBIS Transcribed Text] There were some who vigourously asserted that the Political Defiance Programme was Bogyoke [General] Aung San's Programme. Others made preparations to attack the Tatmadaw [Defense Services] from aboveground and underground. Those who still stank of slavery kept asking the West Bloc for help. Some persons appropriated to themselves part of help received. Bombs kept exploding. At that juncture, signals were given to create disturbances on the Martyrs Day [19 July 1989].

It was impossible to just skip Martyrs Day. It was impossible not to commemorate Martyrs Day. And when it was learnt that disturbances had been prepared to take place on the Martyrs' Day, the Na-wa-ta [SLORC — the State Law and Order Restoration Council] was compelled to do what it had to do.

On 19 July 1947, the national leader Bogyoke Aung San along with other leaders were gunned down by a group of imperialist henchmen. 19 July was therefore designated Martyrs Day and commemorated every year. It marks a day of sorrow. It is a day when anti-imperialist spirit and patriotic spirit need are strengthened.

In the year 1989, chances for an orderly commemoration of the day appeared bleak. The government, in keeping with tradition invited families of the Martyrs to the ceremonies. It permitted ten leaders from each political party to come and pay their respects at the Martyrs' Mausoleum. There were over 200 parties and they would be sending over 2,000 representatives. But then they laid plans to turn the Martyrs Day ceremonies into a political stage.

On 8 July 1989, the General Secretary of the National League for Democracy [Aung San Suu Kyi] met Correspondent Connergoski of the Thai NATION and said: "*Tatmadaw is doing the work of a thug: it is trying to keep a group of old men in power.*" She also made a false accusation at a Press conference that the Tatmadaw bayoneted to death eight young men mining jade. The same leader alleged that "*militarists are trying to crush by force of arms arrangements being made by the masses to honour the Martyrs: they are making dastardly plans to again stain the Martyrs Day with blood.*"

Verbal attacks on the Tatmadaw gradually escalated. They said they would march in procession to the Martyrs Mausoleum on the Martyrs Day and thus laid plans to create disturbances. The Tatmadaw had to issue Martial Law Order 1/89 and 2/89 to prevent possible disturbances.

The General Secretary of the National League for Democracy did not lay a wreath at the Martyrs' Mausoleum but she tried to lay a wreath in Myenigon as a political stunt. It was claimed that students died at that spot. In fact, no student died there: only some policemen died under the attack of violent elements near Sanchaung Police Station.

Gene Sharp's methods to achieve democracy called for demonstrations during funeral processions. It was like alleging deaths of demonstrators at Tadaphyu (White Bridge) when in fact nobody had died there and then ceremonially renaming the bridge the 'Red Bridge.' Trying to lay a wreath in Myenigon was of the same

pattern. Gene Sharp however did not say that this method, adopted by a single person, would become a mere political stunt.

Beginning 20 July 1989, action had to be taken against the President and the General Secretary of the National League for Democracy under *Section 10 of Law Protecting the State from the Threats of Disruptors*. The Law was prescribed to protect *National Sovereignty and National Security* or the *Public Peace* from dangers of disruption. Another aim of the law was also to protect the fundamental rights of the citizens.

Persons against whom action has been taken under this Law are not imprisoned: they have to stay in their own residence. They are not allowed to get out of the compound and they are not allowed to have any contacts with outsiders. The State takes responsibility for the person's health and medical attention. It is generally understood as house arrest.

This sort of action, as compared to the magnitude of the offence said to have been committed, can be regarded as very lenient. Though action was taken against persons as individuals the party concerned was not dissolved. That the party concerned remains legitimate up to now is an illustration of generosity.

The State Law and Order Restoration Council has been compelled to take action against Daw Aung San Suu Kyi. The Na-wa-ta government has full sympathy with Daw Aung San Suu Kyi, she, being daughter of national leader Bogyoke Aung San. The Na-wa-ta leaders could not have had any intention to hurt Daw Aung San Suu Kyi. But they, at the same time, will not act contrary to mass interest.

Daw Aung San Suu Kyi slandered the Tatmadaw her father had founded to the point of opposing it which was not a happy augury. She could even have misled those who were supporting her with their eyes shut. And there were numerous persons inside and outside of the country who were waiting for a chance to make her their stepping stone to exploit political profits.

When Daw Aung San Suu Kyi's movements were thus restrained a howl of protest rose from political parties as well as abroad. They propagandised as if Daw Aung San Suu Kyi had been arrested and mistreated. Na-wa-ta leaders and Daw Aung San Suu Kyi might have been political adversaries but the Na-wa-ta leaders did not appear to have been nursing a personal malice on Daw Aung San Suu Kyi. Presumably Daw Aung San Suu Kyi also did not have any personal grudge.

Daw Aung San Suu Kyi who had lived away from Myanmar [Burma] for many years returned to Myanmar

on 22 July 1988, together with her husband, an Englishman named Michael Aris, to attend to her mother who was ill. And then she took part in political movement. Within one year she began to tread an anti-Tatmadaw path. Her husband was entitled to only one week visa but he sought permission from the government and remained in the country for three months and twelve days before he left. He made frequent visits later on.

Two days after action has been taken against Daw Aung San Suu Kyi, on 22 July 1989, her husband Michael Aris arrived. He stayed with his wife until 12 August 1989: the British Embassy even accused that a British citizen had been detained under guards. Michael Aris and Daw Aung San Suu Kyi then remained in constant contact.

Though Michael Aris is said to be an Englishman he lived not only in England. He kept going about the whole world taking part in Myanmar politics on account of his wife. It cannot however be said who are behind him. He is an activist in concert with the international NGOs [nongovernmental organizations] hostile to Myanmar. He came to Myanmar twice in 1989 and 1991 and eight times between 1992 and 1994 altogether ten times and lived with his wife for 284 days.

The Na-wa-ta readily issued visas to Michael Aris. Requests for visa extensions were readily granted. In fact, Daw Aung San Suu Kyi, forbidden to have contacts with outsiders, continued to maintain contacts with the whole world through Michael Aris. The Na-wa-ta was unlikely to be unaware of this. No searches were made at the airport on Michael Aris' arrivals and departures. He was treated as a gentleman. And nothing was said against Michael Aris making contacts by means of computers.

The State Law and Order Restoration Council made arrangements to have discussions with Daw Aung San Suu Kyi at an appropriate time. On 20 September 1994, the State Law and Order Restoration Council Chairman and Defence Services Commander-in-Chief Senior General Than Shwe had a cordial meeting with Daw Aung San Suu Kyi at the No 1 Tatmadaw Guest House. Lt-Gen [Lieutenant General] Khin Nyunt was present at this meeting. The masses were delighted to notice a TV footage of this meeting in anticipation of a solution to a crisis.

The State Law and Order Restoration Council, Secretary-1, Lt-Gen Khin Nyunt had another cordial meeting on 28 October 1994 at the Tatmadaw Guest House No 1. A Press communique issued after the meeting stated that prevailing political and economic situations, progress of Na-wa-ta's political, economic and reform programmes, tasks that should be undertaken for the long term welfare of the nation were

cordially and frankly discussed. Also present at the meeting were the Judge Advocate General Brig-Gen [Brigadier General] Than Oo and the Defence Services Inspector-General Brig-Gen Tin Aye.

Discussions between the Na-wa-ta leaders and Daw Aung San Suu Kyi were a process that would surely contribute to national reconciliation. The masses were happy with anticipation. The Na-wa-ta leaders were also apparently satisfied and pleased with the prospects of easing of tension in one area.

But all these hopes were dashed when Daw Aung San Suu Kyi's press statement appeared in Bangkok after Michael Aris came to Myanmar on 24 December 1994 and left for Bangkok on 22 January 1995. It is learnt that Daw Aung San Suu Kyi, in her statement, had promised to continue her struggle.

Perhaps Michael Aris came butting in as Na-wa-ta leaders and Daw Aung San Suu Kyi were on the verge of an understanding, and ruined it. What sort of a person is this Michael Aris who keeps roaming about the whole world? Has he been dominating his wife? And who has been dominating him?

But, allow Myanmar to be a Myanmar in a Myanmar way. Myanmar had lived as an imperialist slave: spare Myanmar from domination of any sort of foreigner again.

Between 17 July and 18 August 1989, 181 persons in Yangon [Rangoon] and 27 persons in the districts, totalling 208, had to be detained under Martial Law. But today Martial Law is no more and those detained who posed no threat to national security had been freed.

The Tatmadaw was thus able to prevent political disturbances escalating into violence and anarchism. But, political defiance did not come to an end. Incitements and instigations continued unabated from foreign countries. Human rights slogans were introduced. All sorts of help were given to insurgents on the border. Clandestine activities continued.

The Tatmadaw concentrated attention to holding elections successfully. To ensure smooth balloting, new National Registration cards were issued across the whole country. At that juncture rumours appeared flying about like moths. All bank deposits would be confiscated! Currency notes would be demonetised. Leaders are being rounded up! These rumours covered all and diverse subjects.

The Martial Law promulgated in July 1989 did not apply to the whole country. It covered only the Yangon [Rangoon] Command, the Central Command (Bago

[Pegu] Division) and the North-West Command (Mandalay Division, Sagaing Division and Chin State). Military Courts appointed under the Martial Law tried cases of decapitation, murders during the disturbances and agitators. Civil Courts were not abolished.

Civil Courts passed death sentences on about a hundred persons who had committed major crimes. But these sentences have since been commuted, and not one sentence has been executed up till now. Military Courts also passed death sentences but none of these sentences has been carried out.

On return of peace and stability the Martial Law was withdrawn township by township. The rule of law made noticeable gains. Peace returned to the countryside. Political disturbances declined. As elections drew near, party candidates were allowed to launch their election campaigns. Masses watched TV programmes with interest when candidates canvassed votes on TV.

Multi-party democracy general elections were successfully held on 27 May 1990. Out of the 235 parties that emerged, only 93 parties were able to field candidates. Only 27 parties won seats, some of them winning only a single seat. Political party inflation gradually disappeared.

The Tatmadaw remained strictly neutral in the elections. Tatmadaw personnel were permitted to cast their ballots freely. There were absolutely no armed intimidations of voters. Speculations that the Tatmadaw would rig elections in favour of National Unity Party were proved absolutely wrong.

In the elections the National League for Democracy won 392 constituencies out of a total 485 and the Burma Socialist Programme Party, renamed National Unity Party, won ten constituencies. The rest of the constituencies went to regional nationalities parties.

When the National League for Democracy won a victory, politicians inside the country and the West Bloc media heartily lauded the elections as being very free and very fair. Had the National League for Democracy not won a victory, the Tatmadaw would again be bashed and disturbances likely to resume.

The Tatmadaw remained strictly neutral in the elections but some political forces were found to have resorted to unfair means to win the elections. Mobs coerced voters into casting their ballots to particular candidates. Whole communities were threatened to vote for their party candidated if they did not want their homes to get burnt down. Village level and Ward level election commissions were also intimidated.

But the Tatmadaw dealt with these irregularities strictly in accordance with Law. Had there been no elections, or had the National League for Democracy not won the elections, it would have to be the Tatmadaw's responsibility to cope with problems that might arise. That might even lead to warfare.

The problem of transfer of power arose after elections. The Tatmadaw had earlier declared that power would be transferred only to a government constitutionally formed after the elections. But as successful election results seemingly signified strong public support, persistent demands came to be made for immediate transfer of power.

In the 27 May 1990 multiparty democracy general elections 93 political parties took part: The National League for Democracy fielded 447 candidates of whom 392 got elected. There were 485 constituencies. The Shan National League for Democracy won 23 constituencies. Rakhine [Arakan] National League for Democracy won 11 constituencies and the National Unity Party won 10 constituencies. The Mon National League for Democracy won 5 constituencies and other parties shared 38 constituencies among themselves. Six independent candidates were elected.

All sorts of comments emerged after the elections but all of them were dominated by the assessment that the elections were very fair. Those who said the elections were fair did so because they were supporters of the National League for Democracy. There were objections against election of nine candidates. Elections held were multi-party democracy general elections but some took them to be a contest between the National League for Democracy and the National Unity Party.

It is pertinent here to see who those persons were who won the elections. A wealthy man living on Sule Pagoda Road in Yangon contributed large sums to three parties which meant buying Hluttaw [People's Assembly] members. That wealthy man was a religious fundamentalist. He desired to segregate Buthitaung, Maungdaw and Rathetaung areas as a religious zone. Some of his candidates won seats under the guise of party candidates and if a democratic course of action was to follow a possibility of northern Rakhine State breaking away arose. This was one incident.

The Tatmadaw realised, as early as about a year before elections that transfer of power immediately after elections would become very problematic. But it was the Tatmadaw's responsibility to prevent the Union from collapsing, to prevent national solidarity from disintegrating and to strengthen sovereignty. It would not be fair for people to do whatever they wished to do and later on blame the Tatmadaw for the consequences.

The Tatmadaw had therefore extinguish the sparks from a fuse leading to a powder keg. The Tatmadaw had to defuse the powder keg.

Editorial Views Friendly Sino-Burmese Relations

BK2007103495 Rangoon THE NEW LIGHT OF MYANMAR in English 6 Jul 95 p 6

[Editorial; "For regional peace and harmony"]

[FBIS Transcribed Text] Myanmar [Burma] and China are two friendly neighbouring nations which have been consistently striving for better mutual regard and understanding and for regional peace and harmony.

Both nations have also consistently practised and promoted the Five Principles of Peaceful Coexistence adherence to which should be the norm for bilateral and international relations as well.

What is distinctive is that development of good-neighbourly relations between the two countries has not been in the interest of the two only but also conducive to the maintenance of regional peace and stability.

These and other points of similar opinion are shared by leaders of the two nations who have exchanged visits, enriching their knowledge of each other's endeavours and success.

Currently, State Councillor and Defence Minister of the People's Republic of China, General Chi Haotian, is here on a goodwill visit at the invitation of Vice-Chairman of the State Law and Order Restoration Council of the Union of Myanmar, General Maung Aye.

The two leaders, in their dinner speeches, have recalled the good record of friendly 'paukpaw' [intimate and affectionate term conferred to the Chinese by the Burmese people] relations that have been mutually enjoyed.

It is also recognized that in the complicated international situation, both nations, through adherence to the Five Principles and generation of good sense of amity and accord have been exemplary in the conduct of both bilateral and international relations.

From Premier Zhou Enlai to Premier Li Peng who recently visited here and with other visits in between, and with visits by Myanmar leaders, including one by Chairman of the State Law and Order Restoration Council Senior General Than Shwe, ties already strong have been cemented further.

Both nations, through the helmanship of wise leaders, have been striving for the betterment of the lot of the citizen and the wellbeing of each state.

It is no understatement to say that as good neighbours the two countries stand to prove that through sustained mutual trust and complementary endeavour for shared progress and prosperity, we have attained a kind of profound relation which is based on sound foundation.

While here, our honourable guest will be able to see for himself the fruits of joint endeavours and we share the confidence of both guest and host that friendship will further blossom into mutual benefit.

Khin Nyunt, Kachin Leaders Meet in Rangoon

BK1907145995 Rangoon Radio Myanmar in Burmese 1330 GMT 19 Jul 95

[FBIS Translated Text] Lieutenant General Khin Nyunt, chairman of the Work Committee for the Development of Border Areas and National Races and secretary-1 of the State Law and Order Restoration Council, met with Kachin leader U Zau Mai; organization members U Lamung Tu Jai, U Sai Phone, Dr. Tu Ja, and Dr. La Ja; and peace mediators U Zabwe Guom, U La Wom, and U Hkun Myat from Kachin State Special Region-2 at the Defense Services Guest House on Inya Road in Yangon [Rangoon] at 1300 today.

Colonel Kyaw Win, deputy director of the Directorate of Defense Services Intelligence, and senior military officials were also present.

During the meeting discussions were held on Kachin State regional development, education, health, and economic development matters.

Cambodia

Khmer Rouge on 'Danger' of U.S.-SRV Ties

BK2107091395 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 20 Jul 95

["Communiqué" issued by the spokesman of the Provisional Government of National Union and National Salvation on 20 July; place not given — read by announcer]

[FBIS Translated Text] I. Recently, the chieftains of the communist Vietnamese war criminals in Cambodia, United States, and the two-heads boisterously declared that the reestablishment of diplomatic ties between the United States and communist Vietnam is beneficial to peace in Cambodia and to stability, security, and peace in this region.

II. Naturally, the Provisional Government of National Union and National Salvation [PGNUNS] and our Cambodian nation and people do not want to make any comment about diplomatic relations between other countries

in the world. But the PGNUNS and the Cambodian nation and people have to resolutely reject, denounce, and condemn the deceitful propaganda that the chieftains of the communist Vietnamese war criminals, United States, and two-heads made in contrary to the present real situation in Cambodia and in this region.

The real situation is:

1. Communist Vietnam, the alliance with the United States as its ringleader, communist Vietnamese puppets, and the two-heads are the chieftains of the war criminals who have continued to fuel the war to kill the Cambodian nation, people, and race, and who have opposed a genuine national reconciliation and peace in Cambodia. They have caused the war to drag on for 17 years now.
2. It is these war criminal chieftains who have destroyed the October 1991 Paris agreements and maintained and enabled the communist Vietnamese forces and puppet administration to continue controlling Cambodia. They are the ones who have allowed the 4 million-plus Vietnamese nationals to nibble Cambodia at will. They are the ones who have killed the royalism, the multi-party liberal democracy, and human rights in Cambodia. The forces of the FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] Party and the Buddhist Liberal Democratic Party [BLDP] have collapsed because of these war criminal chieftains. They have been promoting an extremely fascist, monopolistic, dictatorial, and corrupt regime — a 100-percent communist Vietnamese regime — in Phnom Penh and the countryside.
3. The chieftains of communist Vietnamese war criminals, United States, and two-heads have created famine, the most untold famine, to kill the Cambodian nation and millions of Cambodian people who are starving and dying in a most miserable manner.
4. Countries in this region do not want these war criminal chieftains to continue fuelling the war in Cambodia. They want Cambodia to achieve peace and national reconciliation so that countries in this region can enjoy genuine peace and stability.

The reestablishment of the diplomatic relations between the United States and communist Vietnam will increase the danger to regional peace and security. This is because they will further incite regional disunity in line with their evil strategies.

5. The Cambodian nation and people together with the PGNUNS will heighten their vigilance and continue struggling even more vigorously until they achieve genuine national reconciliation and peace within an independent, sovereign, and unified Cambodia with its

own territorial integrity as defined in the October 1991 Paris agreements.

20 July 1995

The PGNUNS spokesman

Khmer Rouge Radio on Clash Near Khla Ngoap

BK2107091595 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 20 Jul 95

[FBIS Translated Text] On the morning of 17 July, the two-heads mobilized their routed troops from various divisions, including Divisions 12, 7, 8, and 6 of the Battambang-5th Military Zone, Divisions 3, 2, and 14 of the Siem Reap-4th Military Zone, and Division 1 of the Phnom Penh Special Military Zone, and from the Banteay Meanchey and Battambang Provincial forces, totaling over 1,000 men escorted by two tanks and supported by many 152-mm artillery pieces, BM-21 and BM-13 multiple rocket launchers, cannons, and mortars to launch a two-pronged operation in the direction of Khla Ngoap village. The first prong escorted by two tanks moved from the southern part of Nong Ien road along the border canal toward (Anlung). The second prong moved along the northern part of the border canal toward (Anlung Sophi).

The enemy troops from the two columns were attacked simultaneously by our national army as soon as they reached the perimeters of our punji stake and mine fields. They fled in disarray, crying for help, after being routed and suffered many killed or wounded by our punji stakes and mines.

The 8th Division fled back to Poipet. The other divisions fled as far as Nimit, Sisophon, and Battambang. Those routed troops from the 4th Military Region, including Divisions 3, 2, and 14, were fleeing back to Siem Reap and Oddar Meanchey Provinces.

Both (Khoeun Roeun), commander of the 8th Division, and (Thach Ron) had fled back to save their own skin.

As a result of the fighting, we killed 23 enemy soldiers on the spot and wounded 30 others. We also discovered eight dead bodies of the enemy troops in our punji pits and mine fields. We destroyed 22 assorted guns, set ablaze a tank, and destroyed two field radio sets and a quantity of war materiel. We seized a large quantity of weapons, ammunition, and war materiel.

Our national army is continuing to sweep operations against the routed two-headed troops so as to smash as many of them as possible.

Ranariddh: Serve National, Not Party, Interests

*BK2107092595 Phnom Penh REAKSMEI
KAMPUCHEA in Cambodian 20 Jul 95 pp 1, 2*

[Report by Vanna]

[FBIS Translated Excerpt] Prince Krompreah Norodom Ranariddh, first prime minister of the Kingdom of Cambodia, has clearly said that party members or those belonging to parties with members in the Royal Government, who want to oppose their own parties or the Royal Government, should leave to join opposition parties or opposing groups.

He said that members of parties within the Royal Government have to support the Royal Government's political lines; they should not oppose government lines while being part of the government.

Prince Krompreah Norodom Ranariddh, first prime minister, said this while he and his wife visited and talked to all levels of officials in Ratanakiri Province on 17 July. [passage omitted on need to follow party regulations]

He stressed that Cambodia is luckier than Bosnia or Rwanda because Cambodia has Samdech Euv [Sihanouk] as cement to reconcile the nation. In particular, representatives of the two major parties understand one another and highly value national reconciliation and national union. The National Assembly, the government, and officials in provinces and cities comprising a governor and four deputy governors, represent the Royal Government; they should not belong to groups or represent any party.

In his view, ministers, state secretaries, governors and deputy governors in provinces and cities nationwide should not serve the interest of the parties to which they belong; they should however serve the Royal Government, the common interest, and the interest of the nation. The same goes for the Khmer Royal Armed Forces and the police. [passage omitted urging officials to develop the nation]

Indonesia

Editorial on Normalization of U.S.-SRV Ties

*BK2107092895 Jakarta THE JAKARTA POST
in English 14 Jul 95 p 4*

[Editorial: "U.S. ties with Hanoi"]

[FBIS Transcribed Text] President Bill Clinton has announced that the U.S. will open diplomatic relations with Vietnam, where it fought a cruel and bitter war in the 1960s and 1970s.

Now that the two former foes have agreed to bury the hatchet, the most interesting thing is the reason behind the step and how it all relates to the past.

Clinton, who refused to take part in the Vietnam War when he was a youth, made a good and relevant decision when he announced the policy, although he believed it was rather late in coming. It is not too late, however, for Washington to approach Vietnam as a new friend. And it is high time that the remaining superpower did so because other countries, especially the economic giants, have already established cooperation with Vietnam.

Today's Vietnam is an impoverished nation but one with a promising future. It has already prepared itself to deal with any country that is willing to cooperate, including those from the West.

The U.S. has also been eying economic opportunities there in order not to be left too far behind Japan and the other industrial and newly industrialized countries. The U.S. also needs to play the Vietnam card in facing China because the road towards better relations with that country has often been bumpy.

Washington seems to believe that the Vietnamese leaders will be easier to talk to. Clinton gave a hint of such optimism when he said that American relations with Hanoi will "help advance the course of freedom" in Vietnam, just as was the case with improved ties with Eastern Europe and the former Soviet Union.

Although the communist leaders in Hanoi are certainly realistic enough to understand that Vietnam needs cooperation in the domains of economy, trade, science and technology, we do not believe that things will be as easy the U.S. president might think.

This need is proven not only by press pictures from Vietnam showing people riding bicycles, which are still the main public means of transportation in that country, while neighboring countries are battling the problem of motor vehicle traffic jams. More proof of the urgency placed on economic matters can be found in how the Vietnamese leaders have reacted to President Clinton's statement: They seem quite ready to forget the long nightmare of war with the United States.

The American invasion of Vietnam was part of the illogical fear that Southeast Asian nations would fall one after the other, like dominoes, to communism and be pulled into the Soviet sphere of influence. The U.S. did not realize that the war was unjustifiable until after its troops were humiliated in the Vietnamese jungles. In the meantime, 58,000 soldiers died and thousands of others went missing in action.

Clearly, the U.S. learned bitterly from this futile sacrifice. And commendably, it blamed no one but itself.

And what about the Vietnamese? The Americans devastated that country because of opposition to an ideology, which the West could not accept.

But before Clinton tries to make his dream of turning Vietnam into a country molded after those of Eastern Europe today, or before he even thinks about pointing a finger at the human rights record in this communist country, he will have to recognize the fact that the Vietnamese are nationalists first and communists second.

The Vietnamese leaders will certainly not fail to once again collect their fighting spirit to resist any possible pressures from Washington in their future bilateral relations. Rather than expecting the improbable, it would be better for Washington to realize that paying a considerable amount of money in war reparations to Vietnam is probably going to be the best way toward cementing workable ties.

Consultative Group Approves Development Loans

BK2007130495 Jakarta Radio Republik Indonesia Network in Indonesian 0000 GMT 20 Jul 95

[FBIS Translated Text] The countries grouped in the Consultative Group on Indonesia [CGI] have decided to extend development loans worth \$5.36 billion for FY 1995-96.

(Russel J. Chetham), World Bank vice president for East Asia and the Pacific, said the loans approved at the CGI meeting in Paris yesterday amounted to a recognition of Indonesia's ability to manage and utilize its foreign loans as desired by the donor countries. The CGI's new loans are an increase of \$160 million, or 3.08 percent, over FY 1994-95's \$5.202 billion.

The World Bank vice president said the CGI also understands the external factors that make Indonesia's economic burden heavier, including the yen's appreciation against the U.S. dollar and the country's increased short-term foreign investment. The CGI also highly admires the long-term performance of Indonesia's economy, which turned from one of the poorest countries in the world in the 1960's into a medium income country by 1993.

Suharto Expresses 'Relief'

BK2107092795 Jakarta KOMPAS in Indonesian 21 Jul 95 p 1

[FBIS Translated Excerpt] Surabaya, KOMPAS — President Suharto has expressed relief at the successful conclusion of the CGI [Consultative Group on Indonesia] annual meeting in Paris 18-19 July and called

on people to maintain the trust given to Indonesia by foreign countries as reflected from the new loans worth \$5.360 billion. The amount represents a 3 percent increase from last year.

This was disclosed to reporters by Minister-State Minister Murdiono in the presence of Finance Minister Mari'e Muhammad Thursday afternoon. Speaking during the president's working visit to the Navy Industries Co. Ltd in Surabaya, Murdiono said the amount of loans approved by the CGI is equivalent to what Indonesia requested.

"The amount is not what other countries or international monetary organizations have proposed. They approved the amount we have requested. In other words, they did not dictate to us. This is worth noting," said the finance minister. [passage omitted on background of loan approval and academicians' comments]

Commentary Views Loan Approval

BK2107091795 Jakarta Radio Republik Indonesia Network in Indonesian 0000 GMT 20 Jul 95

[Station commentary]

[FBIS Translated Text] Since the dissolution of the IGGI [Intergovernmental Group on Indonesia] and the establishment of the CGI [Consultative Group on Indonesia], namely a grouping of countries and international monetary institutions that provide economic aid to Indonesia, Indonesian economic observers have stopped being interested in the IGGI annual meeting in The Hague and have begun paying attention to the CGI annual meeting in Paris. We all know that upon Indonesia's request, the Netherlands is not included in the CGI, which held its fourth annual meeting 18-19 July.

The CGI approved a loan of \$4.94 billion in July 1992, \$5.1 billion in 1993, and \$5.2 billion in 1994 for Indonesia. Prior to the Paris meeting, the World Bank, which serves as CGI chairman this year, recommended a loan of \$5.2 billion for Indonesia, which was equal to that of last year.

Compared to the IGGI, the CGI seems to work more effectively. Besides, the World Bank said it merely wants to assist Indonesia and is not interested in our internal politics.

There were reports some time ago about possible problems in servicing our foreign debts, which stand at almost \$100 billion. The amount includes private sector debt. It must be borne in mind that our foreign loans are not for mere consumption, but are instead used to finance our development and boost our economic growth. We must not doubt our ability to service the

debts because such an ability is evident from the assets of our state enterprises. In fact, we have the ability to repay the foreign debts at once but there is no need to do it. Another thing that gives us peace of mind is the government's determination to take cautious measures in both implementing macro-economic policies and managing foreign debts. It is clear that foreign aid only complements our development efforts and ensures our continued economic growth.

Quality of Rice From Burma, Pakistan Questioned

BK2007131795 Jakarta Radio Republik Indonesia Network in Indonesian 0600 GMT 20 Jul 95

[FBIS Translated Text] In its meeting with the Lampung regional Trade Department officers, parliament's Commission VII questioned the quality of rice imported from Myanmar [Burma], which is believed to be different from that specified in the purchase contract; yet despite this, the authorities still sold the rice to the public. Replying to the parliamentary query, (Riris Tobing), head of the Sucofindo Co. Ltd. in Bandar Lampung, which imported the rice, said upon inspection, the quality of the imported rice was found to be not in accordance with that specified in the purchase contract. (Umbu Haramburu Kapita), head of the parliamentary team currently visiting Lampung, promised he would discuss the matter with the National Logistics Bureau in Jakarta. Besides the imported rice from Myanmar, about 600 out of 4,100 tonnes of rice from Pakistan are rotten and unfit for consumption.

Philippines

Antinuclear Protestors Rally at French Embassy

BK2107091095 Quezon City Radio Filipinas in English 0230 GMT 21 Jul 95

[FBIS Transcribed Text] About 200 antinuclear activists stage a rally outside the French embassy in Manila, Thursday, and met with the French ambassador.

The activists state the protest to decry planned French nuclear tests in the South Pacific, which they said would cause birth defects, changes in weather patterns and disruption of food supplies. France has denied the underground tests will cause any such problems.

About 10 rally leaders, accompanied by some Filipino reporters, were later allowed to meet with Ambassador (Samuel De Beauvais). They handed him a message which French could descend from what they called a high point in civilization... into barbarism as to threaten the survival of the people of the Pacific and the eventual destruction of their civilization.

When asked if French President Jacques Chirac might consider calling off the tests, Ambassador (De Beauvais) said, and we quote, no, I do not think so, end of quote.

Peace Agreement Forged With Military Rebels

BK2107012195 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 2230 GMT 20 Jul 95

[FBIS Translated Text] The military rebel group has pledged to finally put an end to plans to seize power after entering into a peace agreement with the government. General Edgardo Abenina assured that there will be no more coup attempts.

[Begin Abenina recording, in English] No more coups d'etat. [end recording]

Abenina also promised to return hundreds of arms taken by the military rebels from the Armed Forces armory.

[Begin recording in English] [Abenina, in progress]...return to the government.

[Unidentified correspondent] Sir, when will this be?

[Abenina] After... or just after the signing of the agreement or just before the signing of the agreement. [end recording]

Abenina, who headed the negotiating panel of the military rebels, was involved in seven coup attempts under the administration of former President Corazon Aquino.

Flaws in Telecommunications Law Cited

BK2107032995 Manila PHILIPPINE DAILY INQUIRER in English 19 Jul 95 p B7

[FBIS Transcribed Text] Republic Act No. 7925, also known as the Public Telecommunications Act of 1995, has solved the problems of the past but has not really addressed the issues of the future.

It could have achieved more by adopting a flexible framework, rather than a strict one that might adversely affect the industry in the future.

The National Telecommunications Commission (NTC), which is mandated to implement the new law, should recognize and address as early as possible all questions and potential problem areas to prevent conflict and confusion. Possible amendments must also be studied.

Marcelo de la Cruz and Johnson Chua, two economists of the conservative Center for Research and Communication (CRC) institute of sectoral economics, sounded this call as the NTC prepared the implementing guidelines for the law. As of press time, the NTC was still holding public hearings on the guidelines.

In a paper titled "The Public Telecommunications Policy Act of the Philippines: Shaping the Future of the Telecommunications Industry," De la Cruz said it would be worthwhile for all concerns to consider the following issues:

- **Reorganization of the NTC's powers.** It is doubtful whether the administration of the telecommunications industry can be achieved by the NTC in its present state. A clear definition of its powers is needed to prevent it from exercising undue influence in the industry.
- **Distinction between telecommunications and cable TV.** The new law does not distinguish cable TV from telecommunications. A separate law covering cable TV must be passed in view of the global trend towards convergence.
- **Investment incentive, hardware base and information technology.** Clearly defined policies are needed to encourage investments in telecommunications and information technology and support the establishment of a strong telecommunications hardware base.
- **Lessening market barriers.** Barriers to market entry must consistently be removed and structural reforms initiated to attain the goal of a global information society. Competition is essential for the law to succeed.
- **Treatment of new entrants.** The law seems to have overlooked the case of how new entrants would be dealt with. Capable firms must be allowed entry to satisfy the country's need for more telephone lines, and at the same time encourage competition.
- **Trade impact.** An efficient telecommunication infrastructure facilitates the information transfer between countries that results in mutually advantageous trade. It also gives the country a good international image that is beneficial for trade.
- **The issue of pricing and cross subsidy.** It is open to question how the principles of cross-subsidy can equally and equitably be applied to all market players. It would be worthwhile to consider the concepts of price caps, metered local calls and more realistic local charges in contrast to artificially high international rates.

De la Cruz and Chua said lawmakers may have concentrated on plugging gaps of past policies or remedying present problems. They might have done more by examining the issues that the industry will face in the future.

While the country's telecommunications services have grown for the past five years, a remarkable job still needs to be done for the Philippines to catch up with its Asean neighbors.

De la Cruz and Chua expressed the view that the industry's best hope lies in the examination of possible

amendments and the adoption of a fair and transparent implementing guidelines.

Thailand

King Addresses Members of New Banhan Cabinet

BK2007161295 Bangkok Thai Color Television Channel 9 in Thai 1200 GMT 20 Jul 95

[Passages in italics in English]

[FBIS Translated Text] At 1634 today, his majesty the king granted an audience to the prime minister and his cabinet ministers at Chitlada Palace. The cabinet, led by Prime Minister Banhan Sinlapa-acha, took an oath of allegiance to the king before taking up their respective offices in the government.

The king delivered the following speech giving advice to the cabinet:

[Begin recording] It is in accordance with the regulations of the Constitution that cabinet ministers must take an oath of allegiance before taking up their duties. This means they must perform their duties to the best of their ability to bring progress to the country and happiness and prosperity to the people.

The democratic system seems to be an adequate system of government for the country because it gives the people the right to choose a direction for the country. We have elections now. That means the people can use their right to choose what they want. The democratic system, however, is something that is alive; it must grow with time. It might not be the best system at certain times. It depends on how it is applied. If a person who applies it does a good job, he will be able to make democracy develop in the direction that should bring the best results; this means national progress in response to the aspirations of the people in the country. Therefore, your task is an important one.

Democracy in Thailand has been developing gradually, and it seems that it is in place now because we have held elections on several occasions. If we continue with this trend and try with all our ability to develop the system, we should be able to achieve our goal of making it serve our purpose. Ability here means the ability of all of you — your technical knowledge and knowledge from experience should be in full play. That is one point. Another point is that you must have honest minds, or the intention to do only good things and avoid bad things. In this manner, you will be able to fulfill your obligations. I believe this is the intention of all of you.

Another point I want to mention is that democracy, by pattern, is divided into executive power, legislative

power, and judicial power. Some people say the legislative power comes before the executive and judicial powers while others say the judicial power comes before the executive and legislative powers. In principle, the Constitution stipulates that the prime minister must be elected. In this case, the prime minister must be elected as a representative of the people, not as prime minister. The Constitution does not stipulate an election for the prime minister. It is understood, however, that the prime minister must be elected. In other words, he must be a member of the House of Representatives. There is no clause saying that ministers must be members of the House, but most of you are. This is fine.

The problem that arises is that since the legislative and executive powers are two separate things, what does that make you? You are members of the House of Representatives, which functions as the legislative body, but at the same time you are also cabinet ministers. So you must perform executive duties. You must divide yourselves into two parts — legislative and executive parts. There is no answer to this riddle because it would be too brutal to cut you into pieces. Therefore, it is up to your own way of thinking. If you perform executive duties, you must consider yourselves as executives concentrating on executive work. Yet you are still members of the House of Representatives according to the Constitution. The problem is how you should behave yourselves.

There is no answer to this. In performing your duties, you must think and be able to choose the right things. At present, the word legitimate [choptham] is often used. We do not know what it really means. People like to say this word. In English, this word should be translated as *legitimate*. *Legitimate* derives from the word *legis* and *lex*, which means law. In other words, you are legitimate cabinet members. I appeal to you to do your work legitimately and righteously. If you do this, there will not be any problem because everyone has knowledge and experiences in various fields and occupations and in serving as members of the House. People in the entire country heard what you said in House because every session was broadcast on radio and television. The people remember your faces and what you said, good or bad. The people are intelligent. From now on, you should do a good job and bring prosperity to the country.

On this occasion, I appeal to every one of you to have courage and be prudent, competent, legitimate, and honest in your work so that you will bring prosperity to the country and security and happiness to the people as a whole. I wish you strong mental and physical health so that you can achieve your goals. I wish you all success

in your private lives and in your service to the country.
[end recording]

Cabinet Members Criticized as 'Unqualified'

BK2007062895 Bangkok THE NATION in English
20 Jul 95 p A4

[("Comment" by Thanong Khanthong: "Banhan's Cabinet: Where Are the Professionals?")]

[FBIS Transcribed Text] Repeatedly needled over how he would handle the haggling over Cabinet posts between his own party and coalition partners, Banhan Sinlapa-acha cut it short last week by saying the public would not be disappointed when he comes up with the full list of Cabinet members.

The incoming prime minister has broken his vow even before taking the oath of office. Indeed, Tuesday's announcement of his Cabinet team was a big disappointment, if not scandalous.

It was recklessly an ad hoc and patronizing affair, which only illustrates that the "walking tall" Banhan is far from being in full command. In particular, he had to put up with the bickering within his party's rank and file for the key Cabinet posts, and eventually ended up alienating most of his friends. Much worse, there is no evidence to suggest that Banhan and his ministerial colleagues have any credible agenda in mind in bringing further progress to the nation as a whole.

The politicians coming into power are merely obsessed with their nominal posts, without any consideration for the tasks they are obliged to do. Several of them come from dubious, corruptible backgrounds and used to be declared "unusually rich". Without any regard for merits or qualifications, they jockeyed for Cabinet portfolios with the aim of recouping their huge investments in the July 2 general election.

Doomed from the start, Banhan is compelled to place one of his legs on the interior chair. This is a desperate gamble to buy time in order to give Thoet Thai faction leader Narong Wongwan a chance to clear his name over alleged links to drug trafficking before he yields the seat to Narong. Sano Thianthong, the Chat Thai Party's secretary-general, is grumbling that the Interior Ministry should belong to him, bar none. So nobody can expect Sano, who has to satisfy himself with the public health post for the moment, to have any commitment to provide the public equal access to quality health care. He will be too busy keeping an eye on Narong.

Thailand is facing a crisis in education, a dearth in human resources, inadequate health care services and declining output in agricultural products. And

yet, the politicians treat the ministries tasked with these critical issues as Grade-B portfolios. As a result, both Sukkhawit Rangsitphon and Bunchu Trithong are eminently unqualified to run the Education Ministry and Ministry of University Affairs respectively.

Sukkhawit wants to get his hands on the more lucrative transport and communications post, but has to be content instead with the Education Ministry. Bunchu Trithong, a graduate from a teacher's college, possesses virtually no credentials that will enable him to come up with higher education plans, which should prepare Thailand for the 21st century in terms of science, technology and research. How can we expect Thailand's educational standards to improve when unqualified people are running vital ministerial posts?

Dr Surakiat Sathianthai, a non-MP and dean of Chulalongkorn University's Faculty of Law, may need time to prove that he is qualified for the finance portfolio since his background is mostly concentrated on law and international economics. After testing the public's reaction to different candidates like Bank of Thailand Governor Wicht Suphinit, Siam City Bank president Dr Som Chatuphithak, Thai Military Bank president Dr Thanong Phitthaya, Budget Bureau director Bodi Chunnon and Sunthon Sathianthai, Surakiat's father, it appears that the job was reserved for Surakiat right from the outset.

One of his deputies, Newin Chitchop, is a sheer disgrace. With his raw nature, Newin intends to turn the Securities and Exchange Commission upside down. Apart from his alleged major role in the rigged bidding for a dam construction project in Chachoengsao, Newin was also linked to alleged vote buying in his Buriram constituency. Police raided a house of his relatives and found Bt11 million ready to be used for vote buying.

Montri Phongphanit is only interested in adding a prestigious Cabinet portfolio in every government to his resume. As the agriculture minister, he has no plan whatsoever to improve the productivity of the agricultural sector. About 65 per cent of the Thai population is in the agricultural sector, although agricultural output accounts for only 11 per cent of the gross domestic product. By the year 2000, this percentage will decline further to eight per cent, meaning that the poor will only get poorer.

The word "justice" may need to be redefined, with cowboy Chaloem Yubamrung taking over the Justice Ministry.

The way how the ad hoc Cabinet was formed would indicate that this government is more interested in dealing with problems in the short-term to keep it in power for as long as possible, without any regard at

all for the long-term benefits of the country. There is no honeymoon period between the Banhan government and the nation.

Banhan Defends Appointments

*BK2107071795 Bangkok BANGKOK POST
in English 21 Jul 95 p 6*

[FBIS Transcribed Text] Premier Minister Banhan Sinlapa-acha yesterday brushed aside suggestions that some of the ministers he has appointed are underqualified.

"There surely are various opinions. A lot of people have said they agree (with the cabinet line-up)," he said before the first meeting of the House of Representatives.

Asked about the concern over the qualifications of Finance Minister Surakiat Sathianthai, Banhan said the minister should be given a chance to perform before judgments are made.

The appointment on Tuesday of Surakiat, a lawyer and Banhan's adviser, was thought to have led to a plunge in the Stock Exchange of Thailand [SET] index the following day, apparently because of investors' doubts about Surakiat's lack of relevant experience.

But the prime minister said he believes Surakiat can carry out his duties well. "Please have confidence in his abilities. I will also take good care of him," Banhan said.

He promised to take responsibility for any mistakes that may be made by certain deputy ministers allegedly unacceptable to the public.

Meanwhile, Deputy Prime Minister and Defence Minister Gen [General] Chawalit Yongchayut said it is too soon for any comment to be made on the alleged inappropriateness of some cabinet members, saying they need time to prove themselves.

"It is unfair (to the cabinet members). Give them some time to work," he said.

He dismissed reports that the SET's dive was caused by concern over the qualifications of certain ministers claiming that a similar situation occurred in stock markets abroad.

However, Gen Chawalit said the government will have to consider the matter as the appointments were widely criticised.

Nam Thai leader and Deputy Prime Minister Amnuai Wirawan also said people should wait and see how the government's policy will help improve the country's

economic and financial security. This would restore public faith, he said.

Chawalit To Monitor Military Reshuffle Lists

*BK2107090895 Bangkok BANGKOK POST
in English 21 Jul 95 p 6*

[FBIS Transcribed Text] Defence Minister Chawalit Yongchaiyut said he would have to look into the military reshuffle lists even though they may have already been completed by the commanders of the armed forces.

"I am not a rubber stamp. I will have to see if they have been properly worked out. If there are problems, I will invite those concerned to ask why because we know each other well," Gen [General] Chawalit said about the annual military reshuffle lists due to take effect on October 1.

Before Gen Chawalit was named defence minister, the commanders-in chief of the three armed forces had said the lists were ready for consideration by their superiors.

Asked whether army chief Gen Wimon Wongwanit's replacement would be an officer nearing his retirement or a person who would remain in office long enough to maintain continuity in the work, Gen Chawalit declined to reply, saying he would rather not talk about the matter for the present time.

Gen Wimon is due to retire at the end of September.

Gen Chawalit, a former army chief before entering politics, said the Government would continue with the policy of making the army compact and efficient.

"However, we must not put the country's security at risk. So, before reducing the size of the armed forces we must first strengthen its efficiency," he said.

Central Bank Initiates Tight Monetary Policy

*BK2107080195 Bangkok THE NATION in English
21 Jul 95 pp A1, A5*

[Report by Watchara Charunsantikun]

[FBIS Transcribed Text] The Bank of Thailand [BoT] yesterday announced the first of a series of tight monetary measures to ensure long-term stability in the economy.

The move follows projections indicating a worsening of the current account deficit and higher inflation in the second half of this year.

The measures were unveiled by Wichit Suphinit, governor of the central bank, at a press conference, just hours before the new Cabinet was officially sworn in and met for the first time yesterday.

New Finance Minister Surakiat Sathianthai was briefed on the package during a four-and-a-half-hour session with Wichit on Wednesday.

Surakiat agreed with the measures which were worked out during the tenure of the last government and blessed by former finance minister Tharin Nimmanhemin earlier this month.

The steps include raising the cash reserve for commercial banks to seven per cent for non-resident baht accounts of less than one year, launching a Bt10 billion pool of Bank of Thailand bonds to absorb excess liquidity in the financial system and seeking cooperation from banks to keep this year's credit growth within 24 per cent.

The package is designed to minimize the volatility that comes with foreign capital flow and high lending by banks, which might create an overheated economy and higher inflation. The measures will create a situation where banks are expected to keep interest rates high, at the present level, despite lower overseas rates.

Chaiyawat Wibunsawat, senior assistant governor of the central bank and an adviser to the new finance minister, expressed hope that the new government would maintain fiscal spending discipline.

Central bank officials said they are prepared to do more to squeeze the economy if the measures announced yesterday fail to bring about long-term stability.

Possible future measures include further raising the cash reserve requirement of banks on foreign loans, reducing the net foreign exchange holding of commercial banks, or changing its definition, which would curtail the banks' ability to hold idle foreign exchange.

But these are regarded as "strong" measures which the central bank does not want to exercise unless it proved really necessary.

The authorities will review the impact of the measures announced yesterday in three months' time.

Wichit called for understanding from the financial community of the necessity for a tight monetary policy, which he said would be good for the economy in the long run.

He described the new policy as a "fine tuning" of the economy for the second half-year. Assistant Governor Charung Nukhuan said the measures should not be regarded as negative, but designed to allow the economy to adjust toward long-term stability.

The Bank of Thailand yesterday revised the country's gross domestic product (GDP) growth forecast for 1995

by one percentage point to 8.6 per cent and said the current account deficit would now widen to 6.3 per cent of the GDP, a marked deterioration from the earlier forecast of just 5.9 per cent.

The economic outlook will re-endorse the feeling that the new government should maintain an austere balanced budget for the fiscal year 1995-96, which was fixed by the previous Democrat-led government at Bt832.5 billion.

Officials explained that the raising of the cash reserve requirement of banks for non-resident baht accounts of less than a year term to seven per cent would add to banks' costs and urged them to keep loan interest rates at the present high level.

Outstanding non-resident deposits of less than a year term currently total Bt27 billion. Although the amount is relatively small compared to the total deposits within the banking system, the deposits could be rolled over 10 times and create volatility in the financial system due to shifts back and forth between the currency, interbank and capital markets.

Under the new regulation, the seven per cent cash reserve for non-resident accounts must be maintained through two periods a month: the 8th to the 22nd and 23rd to 7th.

The curb on the so-called "hot money" may not be very significant in absolute terms, but the officials hope that it will be sufficient "psychologically".

The hot money phenomenon has been a serious issue for monetary authorities since the fallout from the Mexican peso crisis in February. Wichit said the central banks in the region may cooperate to set up a reserve fund to help each other out in times of financial turmoil.

The net foreign capital inflow in the first half of this year has already reached Bt200 billion (forecast for the entire year was Bt270 billion).

Chaiyawat said that public sector spending has not been a problem for the economy. In fact, the budget cash surplus had swelled to Bt87.5 billion, compared to a forecast of just Bt62 billion.

But an increase in the 1995-96 overall budget could pose a problem, although Chaiyawat did not totally rule out a short-term budget increase if there was a clear need.

Awareness Growing of Need for IPR Protection

*BK2007075295 Bangkok BANGKOK POST
in English 20 Jul 95 p 22*

[Report by Somphon Thaphanachai]

[FBIS Transcribed Text] Awareness is growing among Thai industrialists about the need to protect trademarks and patents abroad.

Chawalit Atthasat, former president of the Trademark, Patent and Copyright Association, said awareness has been building for the past five years, as Thai products gain increased prominence in the global market.

He said many Thai firms are now asking for assistance from legal offices to register trademarks and patents abroad particularly once benefits of legal protection become clear.

Many well-known Thai trademarks, such as TOA paint colours, Samit cigarettes and Venus zips have been widely copied abroad, which has led Thai companies to lose valuable market opportunities.

Mr Chawalit said Thai companies are now registering their know-how abroad, especially as more Thai firms license production of their products to other countries such as China, Taiwan and Vietnam.

"This marks a new stage for the Thai economy, where now we fear patent, trademark and copyright violations by other countries," said Mr Chawalit. This stands in contrast to in the past, when many foreign countries, especially the United States, complained about the lack of intellectual property protection in Thailand.

The country's intellectual property protection bill went into effect in March, with fines of 100,000 to 800,000 baht and jail terms of up to four years for violators.

One result of the government's efforts to protect intellectual rights Thailand's removal from the U.S. Priority Watch List, thus avoiding the threat of possible trade sanctions on Thai exports to the Wararak Chansamat, deputy director-general of the Department of Intellectual Property, said the government has been more efficient in protecting intellectual property rights through strong enforcement of trademark, patent and copyright laws.

A proposal to establish an Intellectual Property Court, to have jurisdiction over intellectual property issues and disputes, is currently awaiting Parliament debate.

Dr Yenchai Laohawanit, president of the Thailand Invention Association, said the new patent and copyright law has boosted the confidence of Thai inventors to develop new products and innovations.

He said the strongest boost is the development of original computer programmes for local use.

Dr Chokchai Aksonnan, president of the Federation of Thai Industries, said the new laws will boost recognition of Thailand in international trade circles.

Editorial Questions Proposed Cigarette Law

*BK2007090595 Bangkok BUSINESS DAY in English
20 Jul 95 p 4*

[Editorial: "Proposed Cigarette Law Raises Disturbing Questions"]

[FBIS Transcribed Text] The Thai cigarette law that is burning a hole on the Cabinet table right now is raising plenty of smoke. But while its goal of snuffing out smoking is an important public health aim, the case is far from simple. As the National Committee for the Control of Tobacco Use (NCCTU) warns of strong public pressure if the law is not passed, it ignores several legitimate reasons why this proposed law, in its present form, will do little to reduce cigarette smoking and may do much to harm Thailand's credibility in international trade circles.

NCCTU is quite right in calling cigarettes a costly product for Thai health. In January, the Public Health Ministry announced that while the government earns about 17 billion baht each year from cigarette sales, it spends twice that on treating the 10,000 patients with lung cancer, of whom only 3.6 percent survive. US public health officials, meanwhile, call cigarettes the leading cause of death there, through heart disease and a number of types of cancer.

Also at issue, however, is the requirement in the proposed law to list all 50-plus ingredients in cigarettes brand by brand. The true motive for this requirement is not clear. Some say that this is trade protectionism in the guise of protecting the public's health. To the foreign tobacco companies, which have spent years and plenty of cash developing their trademark taste, listing what's inside is a fearful revelation of trade secrets. The international firms say local brands already hold a 97 percent share of the Thai market, yet would reveal little under the new laws, since they simply list which flavor packet they use for that brand.

And if it does require full disclosure, trade experts say that unless it also guarantees confidentiality, it would defy the Trade-Related Aspects of Intellectual Property agreement in the World Trade Organization, through which countries agree to protect trade secrets. While many countries opt for a proscriptive list that limits cigarettes' carcinogens, only Canada has as rigid rules as would be enacted here. Even so, Marlboro says it

makes a separate cigarette for the Canadian market to protect itself.

Whatever real effect the law would have, it is most important in its symbolism. This is one of a long list of trade protection issues that aims to prevent brand secrets from being revealed and copied, ranging from pharmaceuticals to computer software.

With so many battles already behind us on these issues, does the Thai government really want to create new laws that essentially set up trade barriers in the name of public health? The question here is not whether cigarette smoking is dangerous. It is whether this law is the most effective way to combat a perceived problem.

Rather than trying to put such pressure on a law that may raise critical issues, that energy would be well used on public education campaigns.

The fact that cigarette production and sales in Thailand is a government enterprise is, in itself, an issue over which serious soul searching is required.

Government Criticized for Stock Intervention

*BK2107075795 Bangkok THE NATION in English
21 Jul 95 p A5*

[FBIS Transcribed Text] Former deputy prime minister Suphachai Phanitchaphak yesterday lashed out at what he described as unwarranted government intervention to shore up the stock market after a big plunge that coincided with the announcement of Banhan's Cabinet list.

There were apparently orders from the new government to managers of the mutual funds to scoop up shares to boost their prices, according to Suphachai. Mutual funds' intervention was not unusual, but in this particular case the funds were "dangerously" exploited for political purpose, he said.

"The appropriate policy is to let the market operates under its own mechanism in order to give confidence to investors. (The intervention) could shatter investors' trust and create great long-term damage," Suphachai said.

He added that reports about fears among members of the Securities Exchange Commission that the Chat Thai-controlled Finance Ministry would turn the SEC inside out were well-founded.

"If you look at the backgrounds of the ministers and their past statements, there are causes for concerns," said Suphachai.

He also strongly voiced opposition to any attempt to tamper with the annual national budget, already worked

out by the Chuan administration, by increasing the expenditure budget. Spending budget expansion would create inflation and could have a "domino effect" on the stock market, he said.

Japanese Businessmen To Help Promote Imports

*BK1707131795 Bangkok THE NATION in English
17 Jul 95 p B3*

[FBIS Transcribed Text] Japanese businessmen have agreed to convey to their government a request from the Thai private sector to promote Thai imports, especially of rice, pork and chicken.

At the 13th Japan-Thailand Joint Trade and Economic Committee meeting held recently in Sapporo, Japan, the Japanese delegates promised to deliver the Thai businessmen's requests to their legislators.

Led by Phothipong Lamsam, chairman of the Board of Trade, 32 Thai businessmen flew to Japan to discuss ways and means of boosting business cooperation between the two nations, as well as problems confronting both sides.

The Japanese side was led by Hiromichi Seya, chairman of the Japan-Thailand Trade and Economic Committee. Kazuo Toda, chairman of the Hokkaido Economic Federation, also attended the meeting.

Huge deficit

According to a joint statement, the Thai delegation said Thailand has continued to suffer a large trade deficit with Japan and called for Japan to take concrete action to address its trade surplus with Thailand.

The Thai private sector also requested Japan's help in raising the standards of Thai products by increasing technological assistance and opening its markets further to Thai exports.

The Thai delegates emphasized the need for bilateral co-operation to promote Japanese imports of agri-products — especially rice, pork, and chicken—from Thailand.

The meeting also agreed to extend the cooperation to cover other industries, such as auto parts and electrical goods, after the committee succeeded in establishing a Japan-Thailand Food Development Committee.

Both countries' private sectors discussed the ASEAN economic ministerial agreement to phase out the ASEAN auto part exchange programme under the so-called "Brand to Brand Complementation" [BBC] scheme.

The Thai and Japanese private sectors expressed hopes that the transition of the new scheme, due to replace the BBC scheme, would proceed smoothly.

The meeting was also informed of the progress of the International Institute of Technology.

Vietnam

Malaysian Minister Welcomes ASEAN Membership

*BK2007085595 Hanoi VNA in English
0659 GMT 20 Jul 95*

[FBIS Transcribed Text] Hanoi VNA July 20 — Occasioned by Vietnam's joining the Association of South East Asian Nations (ASEAN) by the end of this month, VNA correspondent in Kuala Lumpur has interviewed Malaysia's Foreign Minister, Datuk Abdullah Ahmad Badawi.

Asked about ASEAN's expectations of Vietnam's full membership, Minister Badawi said: 'Vietnam's membership of ASEAN is a very important development that contributes positively towards peace, stability and prosperity for the region. It is also a step closer to the objective of making ASEAN truly an association embracing all ten Southeast Asian countries. The membership of Vietnam will for certain further improve the bilateral relationship between individual ASEAN countries and Vietnam and promote greater intergration among countries in the region.

'The strengthening of these relations will be beneficial to all member countries of ASEAN in various fields, especially in political, economic and security fields. It is our hope that with Vietnam in ASEAN, the member countries could look forward to a more promising future which will promote greater development of the member countries and also for the region as a whole.'

On the prospects for full co-operation, especially economic co-operation, between Vietnam and ASEAN and between Vietnam and Malaysia in particular, the Malaysia foreign minister said: 'As we all know, our region is one of the most dynamic growth areas in the world economy in recent years. The region is set to become a more significant player capable of influencing global political and economic development in the years ahead. The recent US decision to normalise its relationship with Vietnam also bring better prospects to Vietnam as well as to the other countries in the region for further economic growth and development. Malaysia welcomes this positive development.

'I am confident that we, ASEAN and Vietnam, could cooperate closely in this field and learn from each other for our mutual benefit. No doubt there are different levels of development among ASEAN member countries, for instance between Vietnam and the others, but I am positive that with strong political commitments and hard work, which I am sure the Vietnamese have, all the

ASEAN countries could be able to enjoy the economic benefits equally soon.

'As regards Malaysia and Vietnam, I am confident that their cooperation in the economic field would be further strengthened and expanded as we have experienced with other ASEAN countries before. There are still many areas that could be explored by Malaysia and Vietnam for future co-operation. Through greater people-to-people contacts among our official in various ASEAN activities, I am certain that the co-operation between Malaysia and Vietnam would be enhanced.'

Asked about the establishment of the Malaysia-Vietnam joint commission, Mr Badawi said: 'I am pleased to inform you that the first meeting of the Malaysia-Vietnam Joint Commission is scheduled to be held on September 5-7, 1995 here in Kuala Lumpur. Both sides are undertaking necessary preparations for the said meeting.'

'The meeting will discuss issues related to bilateral relations between the two countries such as trade, investment, agriculture, science, technology, environment and technical co-operation. The meeting would also discuss how to further intensify co-operation in those areas.'

Meanwhile, efforts to further strengthen Malaysia-Vietnam relations are actively being pursued. These include an exchange of high level visits and Malaysia's assistance to Vietnam under its technical co-operation programme.

A Malaysia and Vietnam have signed 12 bilateral agreements in various fields. All these have contributed significantly to further enhancing relations between them.

Employment Seminar Sponsored With Australia
*BK2007101995 Hanoi VNA in English
0654 GMT 19 Jul 95*

[FBIS Transcribed Excerpt] Hanoi VNA July 19. — A two-day seminar on experience and techniques for planning employment programmes, and tools for managing, coordinating and monitoring programmes is taking place here.

The seminar is co-sponsored by Vietnam's Ministry of Labour, Invalids and Social Affairs and Australia's Ministry of Employment, education and training in furtherance of the agreement on human resource development signed earlier between the governments of Vietnam and Australia.

Vietnamese and Australian employment programmes managers discussed relevant issues to help build a strategy for employment development, attempting to

meet the growing to meet the growing demands of Vietnam's socio-economic development, and to expand cooperation in human resource development between Vietnam and Australia. [passage omitted]

Hanoi To Send 5,000 More Workers to ROK
*BK2007152995 Hanoi Voice of Vietnam in English
1000 GMT 20 Jul 95*

[FBIS Transcribed Text] Vietnam has agreed to send 5,000 more workers to South Korea. Since 1993, the year the two governments of Vietnam and South Korea signed the labor agreement, more than 4,500 Vietnamese workers have been sent to work in that country.

State Bank Holds 3d Sale of Treasury Bills
*BK2107074095 Hanoi VNA in English
0610 GMT 21 Jul 95*

[FBIS Transcribed Text] Hanoi VNA July 21 — The Vietnam State Bank held its third sale of treasury bills here yesterday.

At this sale, 19 out of 34 companies participating in the treasury bill market registered for the bidding, including two state-run commercial banks, two insurance companies and a number of the joint-stock commercial banks.

The amount of treasury bills for bidding at this sale totalled [Vietnamese dong] VND 50 billion (roughly USD 4.5 million), with an initial estimation of an annual interest rate of 17.5 percent. The treasury bills are issued for nine months with two categories of value, VND five and ten million.

Ho Chi Minh City Probes Corruption
*BK2007132995 Hanoi Voice of Vietnam Network
in Vietnamese 0500 GMT 20 Jul 95*

[FBIS Translated Text] Over the past six months, the Ho Chi Minh City's inspection sector investigated 111 cases of irregularity and corruption causing losses to state property valued at 39.136 billion dong, \$23,070, 15 taels [37.5 grams] of gold, and 229,316 square meters of land.

Almost 90 percent of these cases were intentional irregularity while the rest were obvious embezzlement.

The city inspection sector confiscated 4.119 billion dong, \$22,706, 15 taels of gold, 11,430 square meters of land, and two houses.

During the past six months, the City People's Court tried 35 cases of corruption. However, investigation into major corruption cases was carried out very slowly.

Military Telephone Network Breaks VNPT Monopoly

BK2007095095 Hanoi VIETNAM INVESTMENT REVIEW in English 26 Jun-2 Jul 95 p 1

[Article by Quoc Vinh]

[FBIS Transcribed Text] The Vietnamese Government has licensed the military to operate a new national telephone network, the first break in the Vietnam Post and Telecommunications [VNPT] Corporation's monopoly.

The service, which may come on line for an experimental run in late 1996, will be set up by the Electronics Communication Equipment Company (Sigelco), which is controlled by the Ministry of Defense's Information Commanding Headquarters (ICH).

The State and the Ministry of Defense [MoD] will help raise the project's legal capital, but capital investment will come from foreign investors.

The MoD is reviewing bids from foreign firms to take part in the new network, and certain American companies already have a head start on the bidding process, with Japanese and European companies also in the running, according to a ministry source.

The ministry will be responsible for staffing, operating, and raising financing for the so-called Second Telecommunication Network (STN).

The cost of the project has not been released, but the STN will be at least as big as the existing system, according to Pham Ngoc Diep, Sigelco's general director.

"The new network will be purely commercial and its market includes people of all walks of life, enterprises of all sectors and government agencies," Diep told VIETNAM INVESTMENT REVIEW. Diep said the STN would operate in parallel with the existing public phone network and that the new system would work with improved technology. Military phone networks will be operated separately by the ICH.

Sigelco will change its name to the Military Electronics Telecommunication Corporation and re-register its new operations and function with the State Planning Committee, but the organization will continue to supply the army with communications equipment. The enterprise may, according to ministry sources, go public as early as July.

The setting up of the STN and breaking of VNPT's monopoly raised such sharp concerns about national interest and security that the decision had to be ratified both by the Central Secretariat of the Communist Party and the government.

Sigelco's license was signed by Deputy Prime Minister Tran Duc Luong in Decision No. 3179/DMDN, released on June 13.

The project was first proposed in May last year by Prime Minister Vo Van Kiet, who saw the need to nurture competition in the telecommunication industry. Sigelco will be developing the new network from scratch.

Vietnam's goal is to have 20 to 25 hand sets per 100 people by 2010. Currently there are fewer than one per 100.

TAP CHI CONG SAN

TAP CHI CONG SAN for April 1995

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Building the Militia and Self-Defense Forces in the New Situation

953E0015B Hanoi TAP CHI CONG SAN
in Vietnamese Apr 95 pp 10-12

[Article by Senior Lieutenant General Dao Dinh Luyen, member of the CPV Central Committee and chief of the General Staff of the People's Army]

[FBIS Translated Text] The militia and self-defense forces have been building, carrying on operations, and fighting for 60 years, that is, since the Indochinese Communist Party (now the Communist Party of Vietnam) issued the "Resolution on Worker-Peasant Self-Defense Units" on 28 March 1935. It can be said that this has been a process of building, of struggling to protect the revolutionary forces against terrible enemy forces, of fighting to protect the villages, streets, wards, and enterprises, and of supporting combat. This process has been closely tied to the history, tradition of revolutionary struggle, and armed struggle of our party and people to liberate the nation, defend the fatherland, and build the country.

Organized and led by the party and nourished and helped by the people, the militia and self-defense forces have gradually grown from small and poorly-equipped worker-peasant self-defense units into a powerful force composed of millions of people who are organized tightly at all the bases in the country. Generally, they are organized in squads, platoons, and companies and are equipped with many types of weapons, including relatively modern weapons.

During the resistance against the French colonialists and the American imperialists, the militia and self-defense forces were composed of large, well-organized forces deployed widely throughout the country. These served as the activists for all the people in attacking the enemy at the primary level. As the on-the-spot armed forces, the militia and self-defense forces manifested creative and flexible methods of attack. They attacked the enemy on a broad scale and wore down the enemy. They fought and produced and, together with the other forces, maintained political security and social order and safety at the bases. They made an important contribution to our nation's victory. Evaluating the position and role of the militia and self-defense forces, the party has affirmed that these have been strategic forces throughout the process of revolutionary struggle in our country. President Ho said: "The militia, self-defense, and guerrilla forces are forces of the entire nation. They are invincible forces and are the steel wall of the fatherland. No matter how brave the enemy, when they meet these forces, or this wall, they will certainly be smashed." [Footnote 1] [Ho Chi Minh, "Selected Works," Su That Publishing House, Hanoi, 1980, volume 1, page 416]

After 60 years of organizing and building the militia and self-defense forces and having them carry on operations, the following important lessons have been learned:

Militia and self-defense forces are mass armed forces that participate in production. They are the main tool of the primary-level authorities. Because of this, they must be under the absolute and direct leadership of the party, particularly the primary-level party committee echelon and local authorities.

These forces must always be a strong point on which the masses can rely and serve as the activists for the masses in the political and armed struggles. Their nature is that of both citizens and servicemen who have been organized to protect the legitimate rights of the people. Thus, in building these forces, we must rely on the people and practice "selected by and reared by the people."

The table of organization and equipment of the militia and self-defense forces must be in accord with the

requirements and tasks, methods of attack, and nature and special characteristics of each locality, and this must be closely tied to production organization, with the emphasis being on quality, particularly political quality.

Building organizations must go hand in hand with carrying on political education and military training. Efforts must be concentrated on building ranks of primary-level military cadres in general and militia and self-defense cadres in particular. This must be regarded as the key element to increase the combat strength and improve the integrated quality of the militia and self-defense forces.

A satisfactory compensation policy for militia and self-defense forces must be implemented based on the motto "the state, localities, bases, and people working together" in order to encourage them to actively carry out the work.

These experiences must be studied, applied, and developed in a creative manner in accord with the new conditions of building and defending our socialist fatherland today.

In recent years, in carrying out the party's renovation line, our country has scored notable achievements. But along with the great opportunities there are also great challenges that must be met. The enemy forces are still actively implementing their "peaceful evolution" plot, stirring up trouble, and trying to disrupt things here. While concentrating our efforts on building the country, we must increase our vigilance, pay attention to solidifying national defense and security, and constantly give attention to building the people's armed forces in general and the militia and self-defense forces in particular. Improving the integrated quality and combat strength of the militia and self-defense forces in the present situation is a very important task that cannot be slighted. Along with strengthening the reserve forces, that task has great practical significance with respect to increasing the combat strength of the people's armed forces. The only way we can reduce the size of the standing army to the permitted level is by improving the quality and increasing the combat strength of the standing forces in conjunction with increasing the strength of the reserve forces and militia and self-defense forces and improving the defense capabilities of the localities.

The task of defending the fatherland and protecting our socialist system is expanding. In this, there are special characteristics and new requirements. The guidelines for building the militia and self-defense forces must be in line with that expansion. Implementing Directive 55/CT-TW of the Secretariat of the CPV Central Committee and Decision 29/HDBT of the Council of Ministers

(now the government), in recent years the militia and self-defense forces have made major changes on many fronts. Organizationally, the size of the forces has declined. (Previously, they accounted for 6-8 percent of the population; this has now declined to only 1.5-2 percent.) Their integrated quality, particularly their political quality, has gradually been improved. The most widespread scale of organization is the squad and platoon. In places having the conditions and the need, companies have been formed.

The construction of militia and self-defense forces must adhere firmly to the motto: strong, widespread, on-the-spot forces, and mobile forces. There must be infantry forces and a number of essential branch units in accord with the needs of the provincial and district defense zones.

Efforts must be concentrated on building activist forces and mobile forces with sufficient strength to complete the immediate tasks in the new situation and the basic, long-term tasks. Along with building and solidifying the rural militia and self-defense forces, attention must be given to building subward, street, enterprise, agency, school, work site, state farm, and state forest self-defense forces. At the same time, much attention must be given to building ocean militia and self-defense forces in the state, collective, and private economic sectors. In accord with economic renovation, militia and self-defense forces must be built in all the economic elements, with the self-defense forces in the state enterprises and collective economy serving as the activists. Also, building self-defense forces in the private enterprises and joint Vietnamese-foreign enterprises must be studied. However, the principle of "the party directly leading" these forces must be adhered to. We must continue to study and gain experience in building special-sector self-defense forces, particularly in those sectors related to national defense requirements.

The militia and self-defense forces are both citizens and servicemen. They are engaged in both military operations and production and must participate in production. Thus, the militia and self-defense organizations must be close to the localities and production organizations. In other words, the militia and self-defense forces must be organized based on the organization of production and the population bases. The development situation, particularly the economic situation, must be adhered to constantly in order to renovate thinking and work methods in building and organizing the militia and self-defense forces, make creative use of these forces in accord with the changed economic management mechanism, ensure organizational stability, constantly improve integrated quality, and enable the militia and self-defense forces

to satisfy the requirements and carry out the tasks in the new situation.

In building militia and self-defense forces today, greater attention must be given to solidifying and improving the political quality of the militia and self-defense forces in the key areas, that is, along the borders, at sea, on the islands, in the cities and industrial zones, and in particular in those places in the country and localities that are of strategic importance in terms of national defense and security.

The building of militia and self-defense forces must be carried on under the leadership of the party. This must be under the direct leadership of the local and primary-level party committee echelons, and this is the responsibility of all the people and of all echelons and sectors. This task must be included in the operations programs and plans of the party committee echelons and authorities. This is the only way to ensure that the militia and self-defense forces continue to grow stronger and have the strength to carry out the tasks assigned them.

Along with solidifying and building the forces organizationally, political education and military training must be strengthened for the cadres and members of the militia and self-defense forces based on programs and contents suited to the targets set by the Ministry of National Defense. The aim must be to constantly strengthen their political capabilities, improve their concept of responsibility, elevate their spirit of revolutionary vigilance, improve their technical and tactical standards, improve their vocational standards, and ensure that each element and target has the basic standards necessary to satisfy the requirements of the combat operations and security tasks at the primary level.

The quality of the training given the militia and self-defense forces must be improved. The training must be made more practical and renovated in terms of guidance and training methods. Greater emphasis must be placed on practical training. Above all, the quality of the training given the ranks of militia and self-defense cadres must be renovated and improved. It must be ensured that the village and subward military cadres and full-time cadres who are also in charge of state primary-level units have the ability to complete the national defense tasks, which includes militia and self-defense work at the bases in the new situation.

In the present situation, we have very basic advantages for building the country. But at the same time, complex changes are occurring as a result of the actions taken by the enemy. More than ever before, maintaining political security, defeating the "peaceful evolution" stratagem and plots to stir up trouble, and being prepared to deal effectively with combat situations are important

tasks of the entire party, all the people, and the entire military today. This is one of the main tasks of the militia and self-defense forces. After 5 years of focusing on this main task, the militia and self-defense forces have manifested an effect and carried on operations effectively. They are truly a trustworthy force of the party, authorities, and people at the primary level.

However, in carrying on activities, because they have failed to understand the functions and tasks of the militia and self-defense forces, many places have failed to make proper use of these forces, or they have allowed the militia and self-defense forces to carry out the functions and tasks of the public security forces. This problem must be studied and corrected in accord with Circular 785/QP-NV issued jointly by the Ministry of National Defense and the Ministry of Interior in order to generate close cooperation between the militia and self-defense forces and the public security forces, manifest the operating results of the forces at the primary level, maintain political security and social safety and order at the primary level, and contribute to maintaining stability in the country.

Another very important problem aimed at ensuring the survival and organizational development of the militia and self-defense forces and ensuring the development of their activities is the issue of providing funds and implementing compensation policies for the militia and self-defense forces. During the past several decades, the state and the ministries and sectors concerned have issued many legal documents to ensure the material and spiritual rights of the militia and self-defense forces. At the same time, the localities have made a great effort to solve this problem. However, in a situation in which things are constantly changing, particularly in conditions in which we have implemented a socialist-oriented market mechanism, we must continue to revise and perfect those policies in order to encourage the militia and self-defense forces in activities and work.

With the deep concern of the party and state and the protection of the people, most importantly of the party committee echelons, authorities, and people at the primary level, we believe that the militia and self-defense forces will continue to manifest their traditions and exploit their achievements of the past 60 years in carrying on renovation and defending the country today.

Mobilizing Domestic Capital To Support Economic and Social Development

*953E0015C Hanoi TAP CHI CONG SAN
in Vietnamese Apr 95 pp 42-44, 58*

[Article by Cao Sy Kiem, member of the Communist Party of Vietnam Central Committee and governor of the Vietnam State Bank]

[FBIS Translated Text] Capital for economic and social development is a very important and pressing problem in today's life, and this will be a problem here for many years to come. Of course, in order to preserve the economic results achieved through several years of renovation, maintain a high economic growth rate, and keep the country from falling behind other countries in the region, one of the problems to which the government and bank are giving attention is the problem of capital, particularly medium- and long-term investment capital for economic development. Even though the favorable international conditions have opened up great opportunities for mobilizing capital from abroad, domestic sources of capital are regarded as decisive for steady and independent economic growth.

According to the state's report on the direction of investment for economic and social development to the year 2000, in order to hit the target of doubling per capita gross domestic product [GDP], during the period 1994-2000 we will need investment capital totaling approximately \$50 billion. But based on the investment plan, domestic sources of capital can provide only about 40 percent of the amount needed (about \$20 billion). The rest must be obtained from abroad. This percentage was calculated based on the fact that domestic accumulation is still low, amounting to only 10 percent of GDP. According to present development trends, the percentage of domestic capital will increase, and foreign capital will gradually decline once domestic accumulation increases. The main question today is, What methods can we use to attract the relatively large amount of capital (estimated at approximately \$2-3 billion) now "stagnating" in the hands of the people? Furthermore, the amount of capital mobilized must increase in later years in order to satisfy the general investment needs of the country. This is the responsibility of the sectors, echelons, and enterprises. In this, the finance and banking sectors are the most important sectors.

In the face of this situation, since the beginning of 1994, in response to the debate in NHAN DAN on the topic "What Can Be Done To Mobilize Domestic Capital To Support Economic and Social Development?" the banking sector, together with scientists and activists, has actively participated in determining correct viewpoints

and effective solutions in order to exploit the sources of capital existing among the people and in the economy. Above all, there must be a new viewpoint concerning the multi-faceted nature of capital (this does not refer just to currency in its many forms, such as gold, foreign currency, domestic currency, cash, bank deposits mobilized by check, and documents of value such as other types of "semi-currency" but also to materials, technology, arable land, labor, scientific knowledge, and so on) for industrializing and modernizing the country. With such varied sources of capital, the banks will be able to carry on integrated commercial activities and link various spheres such as carrying on real estate activities and loaning money for mortgages or extending lease-buy credit with mobilizing and making effective use of the various sources of currency capital (which can be viewed as the most encompassing and most flexible source of capital). The banks are giving attention to the capital in the hands of the people and enterprises, because these are the main sources of capital for the budget and for the credit system. For domestic investment capital, we must rely on savings and accumulation within the economy. As the currency, credit, and settlement center of the economy, the banks must do everything possible to attract the idle capital in the hands of the people in order to make effective use of this capital and satisfy the "national welfare and people's livelihood" needs. The bank credit system holds a very special position in mobilizing and using domestic capital. Because of this, credit activities must be reorganized. This must not be kept within the banking system or the traditional credit organizations but must be linked closely to other investment forms (for example, investment through commercial credits, credit between enterprises and between enterprises and people, and the credits of hundreds of loan relationships on the currency markets and bond markets that will soon come into being). Recently, along with the state-operated commercial banks, a widespread system of credit organizations belonging to various economic elements has arisen rather quickly based on the "Law on Banks and Credit Organizations." Such organizations, which includes a number of foreign bank branches, have arisen in both the rural areas and the cities.

It can be said that one of the "key" elements of the strategy for mobilizing domestic capital, in which the banking sector is making positive contributions and taking the lead, is the policy of varying the forms used to mobilize capital so that these are suited to the psychology, practices, and intellectual standards of the people in our country. Along with making flexible use of various formulas for mobilizing capital such as having people open savings deposits and issuing promissory notes, since the beginning of 1994, the banks

have implemented a number of new forms that are flexible and effective (such as savings to build housing, savings deposited in one place that can be withdrawn in many places, and long-term bonds and promissory notes in both domestic and foreign currency) in order to satisfy the varied needs of depositors and constantly increased the amount of capital mobilized by the banks as compared with previous years. The lessons learned in 1994 show that mobilizing capital using savings deposit forms still plays an important role, but the percentage accounted for by this is increasing slowly. On the other hand, mobilizing capital by having the commercial banks issue promissory notes and bonds with variable rates of interest is becoming more and more widespread. At present, the mobilization of capital (both domestic and foreign currency) by the banks is growing well (the amount mobilized in 1994 equaled 176 percent of that mobilized in 1993) and accounts for a large percentage of the total capital mobilized (in 1994, this accounted for more than 65 percent). However, most of the capital mobilized from the people is short-term capital of less than 1 year. Capital of more than 1 year accounts for a very small percentage. Thus, this has not satisfied the economy's need for medium- and long-term investment loans (short-term credits by the banks presently account for 69.8 percent of the debt). But in general, the growth in bank credit has been rather rapid, and the structure is becoming more and more efficient. This is evident in the gradual increase in the percentage of loans to the non-state sector (from 19 percent in 1990 to approximately 36 percent in 1994) and the decrease in overage debts as a percentage of the total loan debt of the economy in general (declining from approximately 15-20 to about 5-7 percent today). At the same time, the economy has continued to grow well (approximately 8.8 percent in 1994). Because of this, it can be said that the banks have made many impressive advances in mobilizing and using capital to satisfy the needs of the economic elements.

However, as compared with the needs of the economy, the banks' task of mobilizing domestic capital to make proper and effective investments and contribute to stabilizing the currency and maintaining a high rate of economic growth in accord with the annual plans of the government is a very heavy task. There is much capital in the hands of the people and the amount has continued to increase, but the percentage mobilized for investment and economic expansion through the finance and credit organizations is very limited (estimated at only 50 percent). In order to overcome this situation, since 1994, the banking sector has stepped up mobilizing domestic capital in conjunction with modernizing the banks, with the "spearhead" being urgently upgrading settlement activities through the banks, "computerizing" things on

a broad scale, and building many institutions in accord with international financial rules. In Hanoi, the trial program of mobilizing the savings of many strata of people by gradually expanding the opening of personal accounts and settling personal checks through the banks has begun to achieve good results. As of 7 January 1995, 6,614 personal accounts totaling more than 10 billion dong had been opened at the banks and state treasury. Along with renovating the regulations and techniques for settling things through the banks, improving the service methods, and creating "trust" among customers, the opening of personal accounts and making non-cash settlements through the banks will soon become a widespread practice in our country. Along with this, it must be acknowledged that the state bank is playing a very important role in defining and effectively managing currency and credit policies in accord with the targets of the strategy for mobilizing bank capital to the year 2000. Because the state bank has done a good job in regulating the supply of money for the economy, we have been able to hit the targets in controlling inflation, stabilizing the buying power of the dong, and increasing our rate of economic growth. These results also stem from implementing things correctly in accord with the state-managed market mechanism and in accord with the interest rate and currency exchange rate policies and from using the indirect and direct currency tools of the state bank in controlling the policies. By adjusting bank interest rates, we have created a "practical" interest rate mechanism, gradually rationalized the savings and loan structure, and ensured the interests of depositors, borrowers, and lenders in conditions in which currency exchange rates are stable. All of these things are creating a strong foundation for successfully implementing the policies of the banks aimed at varying the forms used to mobilize domestic capital, contributing to solidifying the existing currency markets, and promoting the building of tomorrow's long-term capital market.

The experience gained by the banks during the past year in implementing the strategy of mobilizing domestic capital show that in order to mobilize a satisfactory amount of capital, the decisive thing is to gain the people's trust, ensure the safety of the capital that the people have "put into" the commercial banks, and ensure that this benefits both the country and the people. To do this, the necessary social and economic conditions must be created and helpful laws must be promulgated in order to implement the capital formation programs of the state finance and banking system. Based on the economic growth strategy and investment guidelines, the state must implement policies to stimulate the economic elements to invest in expanding stable and long-term production, particularly with respect to the agricultural sector, rural areas, and peasant households.

The state must continue to control and reduce inflation and stabilize the buying power of the dong in order to stimulate investment. It must implement the shareholding program, create capital markets, build and improve the infrastructure in order to support commodity circulation, and so on. These problems are the precondition and basis for all investment activities. Stated another way, even though we have switched to a market mechanism, the state is still the one who must "lead the way" in investment activities in every region of the fatherland. Otherwise, no matter how correct the capital mobilization strategy, very little will be achieved. And what is achieved will be limited to the cities, with nothing done in the rural areas and remote areas. On the other hand, every dong must be "used sparingly." Money must be invested at the right time and in the right place. Only in this way will it be possible to draw tens and hundreds of thousands of dong from the masses. There must also be a wholesome legal environment in order to protect the legitimate rights of investors and those who use investment capital. We are in the process of synchronizing the legal system using a number of basic laws (such as a law to protect private property rights, a commercial law, a law to stimulate domestic investment, a bond law, a bill of exchange law, a letter of credit law, and so on). The question is, What can be done to ensure that these laws soon manifest an effect in daily life, and how can these be tied to organizing a system of economic courts and improving administrative procedures in order to increase the effectiveness of the state administrative apparatus?

Entering 1995, the problem of mobilizing domestic capital is still regarded as the focal point in bank work. The state bank still advocates promoting the building of Vietnamese capital markets. Together with the Ministry of Finance, the state bank is perfecting regulations on organizing a treasury note market based on the experience gained in recent auction sales in order to implement this on a broad scale in 1995, with the aim being to attract the capital of the credit organizations, joint-venture banks, foreign bank branches, and financial corporations in Vietnam. According to these regulations, the state bank will play an important role in the treasury note market and serve as the one who organizes the auction sale, buying and selling, and transfer of treasury notes to gradually replace the present system of issuing treasury notes. This will make it easier for the state bank to handle the relationship between financial policy and monetary policy and create effective management tools for implementing the present monetary policy. The interbank domestic currency market will be expanded so that all state and non-state credit organizations can participate. The purpose of this is to increase business and improve the quality of settlements between commercial

banks and economic organizations. The state bank's role as the regulator of capital and final lender for the economy will be promoted and tied to the use of treasury notes as a new tool of monetary policy. Finally, the state bank is summarizing the lessons concerning organizing the activities of the interbank foreign currency market, which was recently established in our country. This is the basis for expanding and improving currency exchange markets in coming years. Also, urgent preparations are being made to establish a Vietnamese bond market.

In order to carry out the program of forming capital markets and creating the conditions to basically solve the problem of investment capital to expand the economy, the Vietnam State Bank is continuing to improve the tools used to regulate monetary policy and is encouraging the commercial banks to vary the forms used to mobilize capital. At the same time, there must be a suitable policy on interest rates and an operating mechanism sensitive to market signals. At present, there are many different viewpoints on currency exchange rates. Even so, the state bank is strengthening its guidance and managing exchange rates to benefit domestic production and imports and exports. It is also increasing foreign currency reserves, stabilizing the buying power of the dong, and controlling inflation. Control over the commercial banks and credit organizations will be improved somewhat based on solidifying the financial institutions in accord with international standards. This is also a process of accelerating bank modernization, improving settlements through the banks in order to accelerate the velocity of the capital, regulating cash well, getting people to deposit more money in the banks, and improving the operations of the banks so that these are in accord with the market mechanism and can gradually become part of the international financial community.

Dealing With the Proposals and Complaints of the People

*953E0015D Hanoi TAP CHI CONG SAN
in Vietnamese Apr 95 pp 45-47*

[Article by Nguyen Kim Thoa, National Assembly Office]

[FBIS Translated Excerpt] [Passage omitted] In recent years, the number of petitions and complaints sent by the people to National Assembly offices with jurisdiction has increased constantly. In 1991, a total of 7,168 complaints were received. This increased to 7,819 in 1992, 9,550 in 1993, and 13,580 in 1994. The main reasons for this are:

1. The country is in the process of renovating, and the economy is moving from a bureaucratic centralism and

state subsidies mechanism to a socialist-oriented, state-managed market mechanism. Along with the positive effects that this is having on economic and social life, this has also exposed various weaknesses and negative aspects and had a great effect on the fate of every person. Every person and every economic element is concerned about material interests and economic results. This is creating more and more conflicts and disputes that must be resolved.

2. Our country's judicial system is in the process of being built and perfected. It is not yet able to fully satisfy the needs of life. There are many social and economic issues that are not regulated by law. Our laws are not yet very stable (laws must be revised and supplemented), and guidelines for implementing the laws and orders are not promulgated in a timely manner. The work of spreading propaganda, popularizing, and educating people (including civil servants) about the law has not been carried on regularly or on a broad scale. As a result, people's understanding of the law is inadequate and uneven. People cannot keep up with the policy changes. Because of this, in managing and controlling the state apparatus, it is impossible to avoid making mistakes and committing violations, which gives rise to complaints.

3. The capabilities of the state cadres are still very limited. The apparatus is cumbersome and ineffective. Dictatorial bureaucratism, oppression of the masses, lack of discipline, and disregard for the law are still widespread. The quality of the cadres is declining, and corruption among cadres is increasing. Because of this, citizens are encountering many problems and suffering.

4. The party and state advocate manifesting and expanding democracy and are striving to achieve real democracy. This viewpoint is manifested by the unified and synchronized legal policies and system. Also, conditions are being created and people are being encouraged to make their wishes known to the state organizations.

5. The people's standard of culture is rising. More and more people understand the laws. They know what their rights are and refuse to sit by idly when those rights are violated.

6. There are different ideas on how to solve a number of historical problems. Positions and policies have been promulgated to solve a number of problems, but they have not been effective. As a result, people have long been complaining.

Of all the letters received, about 10-15 percent have been sent directly to the National Assembly Office or to National Assembly leaders.

The composition of those sending petitions or coming in person to file complaints is quite varied—from indi-

viduals and collectives, from economic and social organizations, and from various-echelon state organizations (and even from foreigners and foreign agencies and organizations working in our country).

Most (60-70 percent) of the complaints concern administrative decisions and are usually correct. But in some cases, the rights and legitimate interests of the people have not been violated, but because they don't understand the policies or laws or because they have been affected, they feel that their rights have been violated and intentionally make a scene and complain.

The complaints concern all types of matters. In recent years, they have usually concentrated on two spheres, housing and land. These two types of complaints account for approximately 40 percent of the complaints. These are problems that will probably remain burning issues for a long time.

Besides complaints concerning those two issues, there have also been complaints having to do with civil and criminal sentences and the carrying out of the sentences, the arrest of people, the search of houses, and the confiscation of property, with unjust or excessive labor discipline, with many people losing their jobs because of production reorganization or oppression, with people being forced to pay too many types of taxes, with the fact that there have been many mistakes made in carrying out the military rear area policies, with the fact that the policies on people classified as "B bald" are inappropriate, with the fact that the rights of laborers working at private and foreign corporations are not being protected, and so on.

Denunciations are usually concentrated on the key cadres at various echelons, cadres in economic organizations, and cadres in power in each sphere. They are usually denounced for abusing their powers and engaging in corruption and smuggling, taking and offering bribes, living a debauched life, buying very expensive property, taking much land for their own use, buying and selling property to make a profit, wasting and destroying state property, lacking capabilities, being opportunistic, taking sides, and oppressing those who file complaints and struggle.

In addition to those mentioned above, those who are denounced include people who work at judicial organizations (such as courts, the public security forces, and organs of control) and charitable organizations (such as the Red Cross, camps for the elderly and disabled, SOS communities, and so on), editors-in-chief and deputy editors-in-chief of various newspapers (which are often the ones who expose negative phenomena), and dignitaries in religious circles.

Each year, the National Assembly Office receives a number of complaints against high-level cadres of the party and state and National Assembly deputies. In addition to the issues mentioned above, the complaints concern such things as fraudulent background questionnaires, bad family backgrounds, lack of managerial capabilities, lack of quality, lack of prestige and trust, and so on.

The petitions show that the people want to contribute their wisdom to building and controlling the country. The contents of these letters are very valuable, and they are being exploited. These are ideas that are contributing to drafting laws that will be submitted to the National Assembly. These people are contributing ideas concerning outmoded policies and laws that need to be revised or amended, ideas that reflect the situation in the localities, ideas concerning the economy and society and concerning the difficult lives of a portion of the population, proposals concerning a number of specific policies regarding a number of areas and targets, the hopes of individuals with respect to the regime and the National Assembly (such as requests for a reduced sentence, release from prison, help in difficult situations, requests for social policies, proposals to form separate provinces, and so on).

In general, most of the petitions are truthful and constructive. However, some make erroneous charges, exaggerate things, or distort things. These people make charges for evil personal motives. A rather high percentage (80-90 percent) of the accusations are signed using a false name or sent anonymously. The reason is that these people are afraid that others will take revenge or that people will start attacking each other because of the loss of solidarity or factionalism.

From the standpoint of the organization that supports the people's representatives in examining the situation, a number of observations can be made:

The number of complaints is clearly increasing. This is putting too great a burden on the state organizations with jurisdiction.

The complaints and accusations are becoming more and more complex and serious. This is manifested by the fact that many of the letters discuss issues under the jurisdiction of many organizations. The letters make complaints and accusations about a particular thing. Complaints have led to a number of organizational forms to disrupt society (such as strikes, market walkouts, demonstrations displaying signs and slogans, road blockages to intercept government vehicles, and so on).

Even though there are stipulations concerning the powers of the echelons and sectors in handling things, many

complaints are sent to the wrong echelon or organization. The reason is that people do not believe that the primary-level echelons can solve the problems, or they want to involve many organizations and higher echelons so that their complaints will be dealt with sooner.

The echelons, sectors, and localities have not dealt with the complaints and accusations in a timely manner, there is still confusion regarding jurisdiction, and matters are not resolved quickly.

The judicial organizations have not dealt with the complaints and accusations in a timely manner either, and there is a great backlog. There is a lack of unity in using the policies and laws to examine matters. As a result, each case is usually handled by many echelons. In many cases, the cadres who handle the matter take a bribe and so they don't examine things fairly. This causes many problems for the people. In many cases, the law is not adhered to in making arrests. Also, in many cases, it is not necessary to make arrests immediately, and this has serious consequences. There are also cases in which files are changed and people are lured into making confessions and subjected to corporeal punishment. The prisons are managed in a lax manner. Prisoners are allowed to escape and beat each other to death. Those who want to visit a relative in prison must pay money. And so on.

Since the government issued Resolution 38/CP dated 4 May 1994 on reforming administrative procedures in dealing with matters pertaining to citizens, the echelons, sectors, and localities have fully understood and implemented this resolution and reexamined and reduced those procedures that might cause problems. As a result, they have begun to limit the problems caused by a number of negative cadres, and this has contributed to reducing the number of complaints. However, studying and handling the complaints and denunciations of the people in the present stage is still a very important and urgent task for all state organizations. In order to improve the results of this work, positive and synchronized changes must be made, from revising and promulgating policies and laws to spreading propaganda, popularizing, and implementing the laws of all of society. Specifically:

1. The judicial system must be built and perfected. Following the promulgation of the 1992 constitution, the National Assembly, 9th Term, and the Standing Committee of the National Assembly focused on the task of formulating laws. The National Assembly, 9th Term, promulgated 11 codes and laws and revised a number of articles in 14 laws. The Standing Committee of the National Assembly promulgated 26 orders. In 1995, it is expected that the National Assembly will

draft and pass at least 8 codes and laws and 10 orders. The state controls society by laws. Therefore, having adequate and perfect laws will enable the state to control society effectively.

In dealing with the complaints and denunciations, the system of legal documents concerning this matter must be examined, and practices and applications must be studied in order to make appropriate revisions and adjustments. Above all, the implementation of the Law on Complaints and Denunciations by Citizens promulgated in 1991, government Directive 18/TTg and Resolution 38/CP, and, most recently, Directive 64/TTg by the premier dated 25 January 1995 on strengthening the work of dealing with complaints and denunciations by citizens must be reviewed in order to bring about a notable change in this work. Research on the establishment of an administrative court must be promoted with the aim of improving results in dealing with complaints and accusations.

2. Propaganda must be spread about the laws, and the people's standard of culture must be raised. Once legal documents have been issued, steps must be taken to propagandize and explain the contents of the documents using the mass media. Every agency and organization must clearly understand what its functions, tasks, and powers are in state and social management activities. Citizens must clearly understand their rights and obligations in making complaints and accusations. The echelons and sectors must train the cadres directly involved in investigating and handling complaints and accusations in order to ensure that the process of investigating and dealing with the petitions is carried out in accord with the law.

The echelons and sectors must understand the position and importance of receiving people and dealing with their complaints and accusations. Administrative reforms must be made, and the procedures that create problems for people when they go to a state organization must be reduced.

Lower echelons must carry out the decisions made by higher echelons in order to create trust among the people and limit the number of complaints made to higher echelons, which creates costly difficulties for the people and which makes it necessary for state organizations to transfer documents back and forth.

Citizens must clearly understand the laws on the problems about which they are complaining. Besides this, the procedural regulations and the decisions of the organizations with jurisdiction must be adhered to strictly. Petitions should not be sent to a higher echelon or to all the state organizations and leaders of the party and state.

3. The laws must be solidified and strengthened. Each organization and individual in society must obey the laws in all of their activities. Solidifying and strengthening the laws in the present stage is an objective and urgent requirement for renovation in our country. In addition to promulgating laws, things must be organized to ensure that the laws are implemented. Investigations must be conducted on a regular basis, and violations must be dealt with resolutely. Doing these things well will improve the management results of the state apparatus and expand real democracy for the people.

The Issue of Nuclear Power in Vietnam

*953E0015E Hanoi TAP CHI CONG SAN
in Vietnamese Apr 95 pp 48-51*

[Article by Cao Chi, professor at the Vietnam Nuclear Energy Institute]

[FBIS Translated Excerpt] In order to prepare for national development in the coming decades, the Seventh Plenum of the Communist Party of Vietnam [CPV] Central Committee (7th Term) discussed the issue of building a nuclear power (or atomic power) plant as a long-term project.¹

Preparations on such an important issue in industrializing and modernizing the country must start now. [passage omitted]

Basic Data on Vietnam's Economy

To constantly improve the standard of living, GDP must be raised. There is a close relationship between the GDP growth rate and the growth rate of energy, which is expressed by the elasticity factor. The higher the elasticity factor, the greater the growth of energy must be in order to ensure that GDP increases at the same rate. The following are estimates concerning Vietnam's energy and GDP:

SOUTHEAST ASIA

	1993	1995	2000	2005	2010
Population (millions)	71.5	74.5	81.7	87.6	94
Energy (GWh) [gigawatt hour]	10,928	13,429	26,192	42,383	69,604
Average Per Capita Production of Power (kWh/person)	153	180	320	484 ^t 740	
GDP (millions of U.S. dollars)	13,657	-	34,000	92,000	
Average per capita GDP (U.S. dollars)	192	-	416	-	978

The correlation between Vietnam's rate of growth of GDP and energy in coming years and the elasticity factor is shown in the following table:

(calculated in percentage)

Time Period	Energy Produced	GDP	Elasticity Factor
1995-2000	14.30	9.85	1.45
2001-2010	10.25	10.44	0.98

In Thailand, the rate of energy production was 17 percent during the period 1966-1980 and 19.6 percent during the period 1966-1975. During the 1990's, in most countries in Southeast Asia, the elasticity factor has been above 1.2. Even in Indonesia, it has been 2.82. As compared with these countries, Vietnam's elasticity factor during the period 2001-2010 will be very low. Thus, providing enough energy for the industrialization and modernization of the country is posing many problems that must be solved in a timely and efficient manner.

I. A time frame for having nuclear energy must be determined.

Specialists have put forth two ways to approach this. The first, which has a decisive nature, compares the capacity of all energy sources (hydroelectric, thermoelectric, coal, oil, and gas) with the predicted load. The results show that by the year 2015, we must have nuclear energy if we are to maintain the load growth. By that year, it is predicted that energy needs will reach approximately 100 billion kWh, with an energy growth rate of approximately 8.5 billion kWh per year, which corresponds to an energy growth rate of 8.5 percent a year. It is predicted that capacity will be approximately

18,000 MWe [megawatts of electric power], with capacity increasing at a rate of approximately 1,500 MWe per year, which corresponds to a rate of growth in capacity of 8 percent a year. At that time, the basic sources of energy will have been incorporated into the power network, and because of this we will have to import nuclear energy in order to maintain the load growth rate. This method of approach is based on predicting the load. And based on this prediction, we are more than 20 years behind Thailand. If we can generate 150 billion kWh by the year 2010, we will be only 5 years behind.

The second method is to look for the optimum solutions based on modern computer programs (for example, the WASP program). The results show that we must have nuclear energy by the period 2006-2015. A calculation made by the National Center for the Natural Sciences and Technology shows that with a load of 60 billion kWh, which corresponds to the load in the year 2008, and with the ability to extract 6.5 billion cubic meters of natural gas a year, regardless of the situation and with or without Son La hydroelectricity, we will still need to have 440-1,200 MWe of nuclear energy. One problem with this method is that the input data (depletion, price of fuel, investment capital rates, operating and maintenance costs, price of energy not satisfied, expenditures to preserve the environment, and so on) contain many variables. Because of this, we must choose a solution in conditions in which information is uncertain in order to make a decision.

A wise policy that managers might use is to vary the energy sources in order to limit the weaknesses of one type of energy by using the strengths of other types of energy based on selecting an optimum energy combination including hydroelectricity, thermoelectricity, coal, oil and gas, and nuclear energy. This policy of varying the energy system will also reduce our dependence on one energy source. Korea is a typical example, and it has been very successful in following this policy of

optimum variability. We cannot wait until the classical sources of energy are depleted to start thinking about nuclear energy, because if we do, the consequences will be terrible.

In short, using the two methods discussed above, we can see that Vietnam will start using nuclear energy sometime during the period 2006-2030, with most predicting that we will begin using nuclear energy by the year 2015.

2. Other reasons for promoting the use of nuclear energy in Vietnam:

a. The depletion of fossil fuels and the limitations of hydroelectricity: Those at the 15th International Conference on Energy held in Madrid in 1992 said that fossil fuels can be used until the year 2020, but production costs will rise constantly. Therefore, the use of oil, gas, and coal must be shifted to other spheres such as integrated industrialization, communications, and so on.

Vietnam's hydroelectricity reserves have been estimated at approximately 80 billion kWh. However, experts say that by 2010-2015, hydroelectricity will not exceed 70 billion kWh, because hydroelectricity poses major environmental problems. Besides this, hydrology in our country is constantly changing. If load reaches the level estimated for the year 2010 and there is a drought that year, we will need up to 3 million tons of coal to produce thermoelectricity in order to make up the energy shortfall. That would be a very difficult problem for the coal sector to solve. Thus, if the ratio between hydroelectricity and thermoelectricity is irrational, that could cause serious problems in the future.

b. Should we produce nuclear energy or import fossil fuels in order to produce electricity? According to calculations, the fossil fuels that are easy to extract are gradually being depleted. At the same time, world uranium reserves are sufficient for many more centuries. Because of this, nuclear energy is cheap and, unlike fossil fuels, is not subject to the pressures of supply and demand. Today, many foreign corporations have come here prepared to sell goods, bid on the construction of a nuclear power plant, and supply uranium fuel and heavy water. Besides this, it should be noted that the use of nuclear energy is the trend of mankind. There is no other form of energy that has better prospects than nuclear energy. Many conferences and organizations in the world have said that the optimum solution for the environmental-economic-diversification relationship in the future is to include nuclear energy in the national energy system. According to calculations, even though the cost of building a combined turbine-gas plant is only one-fourth that of building a nuclear power plant,

the key issues are the two investment problems in the future: fuel and annual expenses. And added up over the years, the expenses will grow larger and larger. At the conference on energy and the environment that was held in Helsinki in May 1991, it was affirmed that by the year 2010 there will be more progressive technology, and the cost of building a nuclear power plant will be competitive with the cost of building a classical thermoelectric power plant thanks to modular and on-site manufacturing methods.

c. Building a nuclear power plant will make us self-sufficient in terms of energy. On world markets today, thanks to the tight controls on how it can be used, nuclear fuel has become a commodity that can be bought and sold (although this has special characteristics). Thus, except for economic reasons (determined by uranium and thorium reserves and production techniques), there is nothing to stop us from importing nuclear fuel for use in peaceful endeavors. Furthermore, at present every country has become an open system, and the relationship between countries is no longer one of one-sided dependency but rather one of mutual ties. These ties exist in many spheres from electronics, telecommunications, and food to security. They certainly aren't limited just to the sphere of nuclear fuel.

d. Ties in the use of nuclear fuel are fundamentally different from dependence on oil and gas. This is because uranium is very cheap. Specifically, to supply a unit of energy, the price of uranium fuel is 10 times cheaper than oil. Because the cost of importing nuclear fuel is very low, countries can amass this fuel for long-term use. (It has been calculated that at a cost of \$60 per pound for U₃O₈, the cost of stockpiling enough uranium to last 10 years will raise the cost of electricity by only 1.5 percent per kWh.) To understand how easy it is to stockpile uranium, let me give an example. In France, because of the difficulties encountered in building the plant, the amount of surplus uranium in 1985 was sufficient for 4 more years. Besides this, Vietnam has the capabilities to stockpile a notable amount of uranium. Naturally, there is a process involved in converting the ore into fuel. It took Korea about 20 years. According to calculations, if Vietnam develops rapidly and reduces the gap between it and other countries, in the next 20-25 years, we can do the same things that Korea has done. If Vietnam's nuclear power plant, with a PWR [pressurized water reactor] reactor, is imported ready-to-go in the year 2015 along with enough fuel for 5 years and if the second plant has a PHWR [pressurized heavy-water reactor] heavy-water reactor (based on that built in Korea), we will have 25 years to conduct studies and produce fuel using natural uranium to feed the second plant. We must

study these capabilities and start making preparations now.

e. The safety of nuclear power plants: Every human activity entails a certain risk. Communications, hydroelectricity, oil and gas, atomic [energy] and so on all have safety problems. What happened at Chernobyl was a disaster for the nuclear energy sector. But on the other hand, that event forced scientists and technicians to conduct studies in an effort to increase the level of safety of nuclear energy. LPU [expansion not given] technicians put forth the idea of in-depth protection. According to this plan, radiation can escape to the outside only by passing through many layers of containment: the fuel casing, the fuel rod casing, the reactor container, the enclosure around the reactor room, the outside shell made of reinforced concrete, and so on. Thus, the level of safety has been increased. Besides this, nuclear scientists and technicians have come up with new ideas concerning reactor technology. There are plans to test manufacture reactors that are internally safe, meaning that safety is ensured within the reactor by physical processes. In the coming 10 years, there will probably be many nuclear power plants built with a degree of safety 1-2 levels above those of today. Inheriting these achievements, we can import reactors that are very safe. Today, atomic safety is no longer the problem of individual countries. This has become a worldwide problem. The loss of safety in one country can affect the safety of the entire region.

f. The environment: Burning fossil fuels, including oil and gas, produces SO₂, NO, CO₂, and other toxins. This has done great damage to the environment. According to estimates made by experts, using a reactor with a capacity of 1,000 MWe in place of a power plant that uses coal will prevent the emission of 6 million tons of CO₂ each year. Hydroelectricity, as everyone knows, also poses great problems for the environment. Thus, only by using nuclear power will it be possible to solve the environmental problems.

g. Training people: To produce nuclear energy, the country must have a rank of excellent specialists whose standards are equal to those elsewhere in the world in the nuclear energy sector. This sector is an integrated sector involving many sciences and techniques and high technology. Cadres in this sphere must have a serious work attitude, have discipline, and be completely devoted to their work, because just one act of negligence could have terrible consequences. The state must implement suitable policies and begin preparing the human factor now.

The last several years have shown that many of the excellent cadres trained in the sphere of nuclear energy

have gone to work in another sphere because they can earn a higher income in the other sphere. That is very unfortunate. I think that the time has come for Vietnam to train a rank of excellent nuclear energy specialists for the future and implement corresponding compensation policies for them. As we know, it takes 6 years to provide cadres with the basic knowledge. After that, they must spend 2 more years undergoing on-the-job training at a nuclear power plant. We will need approximately 300-500 people for the period 2010-2015.

Building nuclear power plants is a very important element in industrializing and modernizing the country. Besides its economic significance, nuclear power also has great significance for the scientific and technological potential and independence of a nation, and that this something that cannot be measured in dollars or any other unit of measure.

A nuclear energy program requires a great effort at the national level in terms of expense, raw materials, cadres, and so on over a very long period. Many of our neighbors have linked their nuclear energy policy to ensuring its implementation in legal decisions. A long-term nuclear program having a strong base must include the construction of a series of nuclear power plants and not just one plant. Because of this, in a long-term nuclear energy program, in addition to the objective factors, the will power of the nation plays a very important role. That will power refers to the determination to overcome the difficulties in order to realize the objective potential of that country, which has been thoroughly studied, and find an optimum and long-term solution to the energy problem.

Footnote Proceedings of the 7th Plenum of the CPV Central Committee, Hanoi, 1994, page 77.

Scientific Conference on the Party

**953E0015F Hanoi TAP CHI CONG SAN
in Vietnamese Apr 95 p 63**

[Article by Vu Lan]

[FBIS Translated Text] In commemoration of the 65th anniversary of the founding of the Communist Party of Vietnam [CPV] (3 February 1930 to 3 February 1995), on 24 January 1995 in Hanoi, the Ho Chi Minh National Institute of Politics held a scientific conference on the party. Forty scientists from the institute and elsewhere, many research cadres, and many cadres engaged in theoretical work at research institutes, schools, and party organizations attended the conference.

The 28 papers presented at the conference discussed many issues and subjects concerning the 65 years of

revolutionary struggle by the party; concerning Ho Chi Minh, the man who founded, organized, and trained the party and guided the activities of the party from the day it was founded; and concerning the pressing problems in renovating and reorganizing the party and satisfying the needs and carrying out the tasks in the present revolutionary stage.

One of the issues discussed in great depth by many of the scientists and in many of the papers was the experience gained by the party in 65 years of waging a revolutionary struggle and leading the country and the precious qualities of the party. Since it was founded, the party has led our people and nation from one victory to another. It has turned our country from a colony, whose name could not be found on a world map, into an independent, free, and unified country that is advancing to socialism. Vietnam is now admired by many countries in the world and has relations with more than 150 countries. Through leading the revolution, the party has learned many valuable lessons. Concerning the most striking lessons, many of the papers affirmed: First, based on making creative use of Marxism-Leninism in our country's specific conditions, regardless of the situation, the party and President Ho constantly elevated the spirit of independence, self-reliance, and ingenuity. Second, since the day it was founded and throughout the process of leading the revolution, the party has clearly and steadfastly defined the targets as national independence and socialism. Third, the party has coordinated capabilities and solved the class and nationalities problems. Forth, the strengths of the nation have been coordinated with the strengths of the age, an integrated strength has been created, the revolutionary tasks have been carried out successfully,

and so on. Many of the papers affirmed the precious qualities of the party. This includes the fact that it has remained close to the masses. Also, it has strong political capabilities and great intelligence because of accepting and exploiting the intelligence of the people and of mankind. It has the courage to face its mistakes and shortcomings and is resolved to overcome its shortcomings and correct its mistakes.

Another issue that was discussed by many of the participants was the issue of the party in power and the leading role of the party in building a socialist Vietnam. A number of people analyzed and answered a number of questions such as: What does it mean to be the party in power? What powers does the party have? What is the relationship between party leadership and state management? What are the special characteristics of the party in power in conditions in which the party has seized power? What are the similarities and differences between the political power of the party and the power of the state? All of the speakers agreed that in Vietnam, there are no objective factors for the formation of a system involving political pluralism and opposition parties. The CPV is the only party leading our country's revolution. Our party is the party in power. It has led, is leading, and will continue to lead our country. A task of great importance today is for the party to reorganize and renovate itself so that it has the standards, intelligence, and capabilities to lead the revolution in the new stage.

Besides this, many papers went deeply into the important issues facing the party today: cadre work, the class nature of the party, an open foreign policy, the party in the political system, factors to maintain the party's leadership in renovation, and so on.

Australia

Six Arrested as Protestors Storm French Embassy

*BK2107051795 Hong Kong AFP in English
0512 GMT 21 Jul 95*

[FBIS Transcribed Text] SYDNEY, July 21 (AFP) — Police made half a dozen arrests Friday as demonstrators climbed on to the roof of the French embassy in Canberra and unfurled a banner to protest at France's decision to resume nuclear testing in the South Pacific, police said.

A police spokesman said five of the protesters would be charged with trespassing on protected property, while the sixth was a juvenile who would be cautioned.

As the demonstration went on, a spokesman for the Australian Protective Services (APS), which is responsible for protecting the embassy said protesters were on the roof of the embassy.

The protesters invaded the grounds at the embassy and attached a huge banner proclaiming "SOS Mururoa" at the front of the building.

Two protesters wearing radiation suits had climbed a 15-metre (50-feet) metal grill on the front of the embassy and four others chained themselves to the building.

They were removed by APS officers wielding bolt cutters, while other officials climbed ladders to bring the protesters down.

A spokesman for Australians Against Nuclear Testing, Dominic O'Dwyer said the protest was aimed at not only the french government, but was aimed at convincing the Australian government to take a harder line against French nuclear tests.

President Jacques Chirac last month announced France would carry out eight underground blasts at Mururoa Atoll from September, under a plan to ensure what he called "the credibility" of the national nuclear arsenal.

Maritime Workers Maintain Ban on French Ships

*BK2107092295 Melbourne Radio Australia
in English 0500 GMT 21 Jul 95*

[FBIS Transcribed Text] A 20-year-old university student from Perth in Western Australia has admitted his part in the bombing of the French Consulate building in Perth last month. [passage omitted]

Meanwhile, maritime workers in Sydney have voted to maintain ban on French ships entering Australian port to protest against France's decision to resume nuclear testing in the South Pacific. Port bans have already held up several French-owned ships, including a cargo vessel owned by France's State Shipping Line.

The (Fiji M Ranwar) has been stranded in Sydney for a week after being hit by eight days of bans in Melbourne. Bans by the Maritime Workers Union were endorsed unanimously at a meeting of 100 port workers in Sydney.

Reserve Bank Reports Narrowing Trade Deficit

*BK2007032595 Melbourne Radio Australia
in English 0100 GMT 20 Jul 95*

[FBIS Transcribed Text] There appears to be further positive signs emerging for Australia's economy. Tania Peterson has this report:

[Begin recording] [Peterson] The Reserve Bank's latest quarterly report says Australia's economy has slowed over recent months, but there is no reason to expect a major slump in activity and growth could easily bounce back. That means interest rates will remain steady in the near term. As well, the bank predicts the narrowing of Australia's trade deficit.

Yesterday's import figures which came in at a seasonally adjusted \$6.7 billion [Australian dollars] for June also point in that direction, but chief economist with (Strisner) Bank, Rob Henderson, says the figure will still be high.

[Henderson] The fallen imports in the latest month indicates that the June current account deficit is likely to be down on the record May figures. For this stage, we are expecting current account deficit of around \$2.5 billion for June. [end recording]

Fiscal Report for 1994-95 Released

*BK1807121395 Sydney THE AUSTRALIAN
FINANCIAL REVIEW in English 10 Jul 95 p 2*

[Report by Stephen Ellis]

[FBIS Transcribed Text] The Federal Government's 1994-95 Budget deficit has bettered its \$11.7 billion [Australian] target set more than a year ago, even though Canberra did not receive proceeds from the Qantas float during the year as originally envisaged.

The Treasurer, Mr Willis, and the Minister for Finance, Mr Beazley yesterday released the final fiscal outcome for 1994-95. This showed a deficit of \$11.6 billion, or about 2.5 per cent of gross domestic product.

This is a large and unexpected \$520 million improvement over the latest revised projection — made just two months ago in the 1995-96 Budget — of a 1994-95 shortfall of almost \$12.2 billion.

The windfall was split evenly between outlays (where Health, Social Welfare and Education spending were

lower than anticipated) and higher revenues (due to buoyant company tax and Customs duties).

Official estimates released in January and May for the Budget outcome over the fiscal year ending on June 30 both showed the deficit blowing out to more than \$12 billion because of the impact of deferral of the float of the Government's 75 per cent interest in Qantas.

The Qantas float, now under way, will net about \$1.5 billion and reduce the 1995-96 deficit by that amount.

Interestingly the asset sales target originally included in the 1994-95 Budget was \$2.3 billion higher than the Government actually received.

While planned sales of the Australian National Line and the Government's 80 per cent stake in AIDC Ltd did not go ahead either, most of the shortfall would have been due to the deferral of the Qantas float.

This hints that Canberra originally considered (in May 1994) that it would receive up to \$700 million more for its Qantas stake than will eventuate.

But government officials have stressed that the amount factored into the asset sales section of the 1995-96 Budget for the Qantas float is consistent with the values made public since the float process began.

According to the Commonwealth Financial Transaction figures released yesterday 1994-95 total revenue was \$110.2 billion, or 24.1 per cent of GDP.

This was an inflation-adjusted 8.1 per cent higher than in 1993-94, when revenue was 23.5 per cent of GDP.

In the fiscal year just ended, total expenditure was \$121.9 billion, or 26.6 per cent of GDP, up 5.2 per cent in real terms. Outlays were virtually unchanged as a proportion of the total economy from 1993-94, when they were 26.7 per cent of GDP.

The main areas of spending which fell short of the Government's original May 1994 targets for the fiscal year were areas where Canberra unveiled major initiatives.

In the culture and recreation area, where the Creative Nation package was a feature of the year, spending was

forecast to grow 21 per cent but actually grew only 13 per cent — a \$90 million shortfall.

And in the employment and labour market area, the Government's Working Nation jobs package was originally expected to underpin a 27 per cent increase in outlays. Spending only grew 12 per cent for the year, leaving a \$400 million shortfall.

On the revenue side, superannuation tax collections grew 61 per cent to \$1.9 billion, against a Budget target of only 30 per cent growth, while company tax collections grew 23 per cent to \$15.6 billion — against a Budget forecast of only 9 per cent growth.

Collections of Fringe Benefits Tax, individual PAYE and "other" income taxes, and withholding tax all grew slower over the year than was originally forecast in May 1994.

Fiji

Fiji NGO's Protesting French Nuclear Tests

*LD2107095295 Melbourne Radio Australia
in English 0900 GMT 21 Jul 95*

[FBIS Transcribed Text] The Fijian non-governmental organizations [NGO] say they will step up their protests against French nuclear testing. Fifteen NGOs coordinated the protest March in Suva last Friday, which attracted about 5,000 people. They say they have been encouraged to increase and intensify the protest action they organized between now and September, when France says it will resume testing in the South Pacific.

A delegation of NGO representatives today presented copies of a 50,000 signature anti-testing petition to the acting secretary general of the South Pacific Forum, William Sutherland. The NGOs are also seeking an appointment with Prime Minister Sitiveni Rabuka next Friday so that copies of the petition can be presented to him. The non-governmental organizations say they are extremely disappointed with reports that the Fijian government will not do any more to protest against the planned resumption of testing.

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